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# U.S. FOREIGN POLICY AND INTERNATIONAL NARCOTICS CONTROL—PART II

## HEARING

BEFORE THE

## SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

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MARCH 29, 1988

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Printed for the use of the
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# U.S. FOREIGN POLICY AND INTERNATIONAL NARCOTICS CONTROL

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TUESDAY, MARCH 29, 1988

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL,
*Washington, DC.*

The committee met, pursuant to call, at 9:49 a.m., in room B-318, Rayburn Office Building, the Honorable Charles B. Rangel (chairman) presiding.

Members present: Representatives Walter E. Fauntroy; Benjamin A. Gilman; Daniel K. Akaka; Michael G. Oxley; Robert K. Dornan; Stan Parris; Solomon P. Ortiz; and Lawrence J. Smith.

Staff present: Edward H. Jurith, staff director; Elliott A. Brown, minority staff director; George A. Gilbert, staff counsel; Barbara A. Stolz, professional staff; Michael J. Kelley, staff counsel; James Alexander, professional staff; Rebecca Hedlund, professional staff; Richard Baum, minority professional staff; Ron Dawson, corporate board intern; Bob Weiner, press officer; Heide Haberlandt, staff assistant; and Kathie Obst, staff assistant.

The CHAIRMAN. Sorry for the delay. The hearing will come to order.

These hearings may not be as formal as we had originally hoped due to the loss of our dear colleague Jim Howard and the fact that his funeral is being held today. But I thought, Congressman Fauntroy, that since we had so many outstanding witnesses that at least we could set some type of a record for our Select Committee to be guided as relates to the certification process. And so we will hear from the State Department, Drug Enforcement Administration, Customs Service and also our present witness, a former senior staff member of the National Security Council.

We are now embarking on a foreign policy by indictment and the drug situation has now become an issue that concerns whether or not people continue to rule their country, whether or not they have elections and we hope to see especially whether or not the allegation that drugs are a more serious threat to our national security than communism, whether or not it has any role at all in our foreign policy in terms of priority and if so, what.

This is so important when the United States Congress through the initiative that was created by Ben Gilman, former Senator Paula Hawkins and me, made an effort to give additional tools to the State Department—here's my friend Ben Gilman. We fashioned a law which indicated that we would not just arbitrarily cut off assistance to countries who we felt politically were not supporting our effort, our international efforts, to cut drugs, but we would ask our President to certify that in his opinion after discussions with law enforcement and State Department officials that they are coop-

erating. And as much as we would like to take his word for it, the record does not really support in any way the documents that have been sent to the Congress by the President asking for the certification of many of the drug trafficking and narcotic producing countries.

Naturally, we have to be concerned as to whether or not the sanctions are going to reach the objectives that the Congress would want, whether or not this Administration is prepared to do anything that would allow the Congress to believe that it has a high foreign policy objective. But I guess the bottom line is one, does it have priority and two, does it submerge itself to a higher priority which forces us to actually do business with foreign officials who are actually engaged in international drug trafficking. We hope to get some answers to those questions today.

[Statement of Chairman Rangel appears on p. 65.]

Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman. Mr. Chairman, we've known for many years of the problems caused by illicit drug production, trafficking and consumption. This committee was established over a decade ago by many of us who are presently still on the committee to conduct continuing oversight and review of narcotics problems. And back then it was hoped that we could soon get our drug problem under control. However, today in spite of all of the diligent work by the many courageous personnel that are out in the field, the situation is far worse than it was back then. Our international narcotics control policy is in dire need of oversight and review.

Crisis is a word that we often use in this city, but today the word crisis is right on target to describe the state of our war on drugs. In recent months a parade of resolutions and allegations relating to the narcotics issue have deeply distressed us all.

General Noriega of Panama and Colonel Paul of Haiti have been indicted for money laundering and drug trafficking. There have been serious allegations of government corruption in Honduras, in the Bahamas, Mexico and some of our other Latin American neighbors.

Colombia is being held hostage by the drug traffickers, who have murdered the attorney general, as well as a significant number of judges, publishers, law enforcement personnel and innocent bystanders.

The governments of Peru and Bolivia are being undermined by the corruption and terrorism which the traffickers bring with them wherever they operate.

What part of the world will next fall victim to narco terrorism, narco corruption, narco militarism? Like a cancer that's out of control, narcotics are eating away at the very fabric of all of our societies and all of our neighborhoods and no city or nation is immune.

On our streets, even in our nation's capital, drug related violence continues to escalate. Teenage gangs deal in drugs while they fight their rivals over local turf. Meanwhile, more and more of our citizens fall victim to drug abuse, mostly our young people. They're losing control of their lives as their parents and friends look on wondering what they can do and how things possibly could get worse or how they could possibly get better.

Illicit drugs are a disease that has left few nations untouched or unscathed. We may never find a sure fire cure for this virus, but we certainly can do and must do a better job combating the symptoms and increasing our citizens' resistance to this insidious infection.

I hope that the witnesses who'll be before us today, witnesses who are in key roles in our Administration, will candidly inform us how our nation can implement a drug strategy that will effectively combat illicit narcotics production, narcotics trafficking and narcotics abuse. The drug traffickers have been reaping an estimated $130 billion in our nation alone, and that's a conservative estimate. Nobody truly knows how extensive those profits are.

We saw recently Forbes Magazine listing amongst the 500 billionaires in the entire world, two billionaires from Colombia and alongside their names was listed the industry, the cocaine industry. They distribute their poison all over the world and destroy the lives of thousands of people.

Today we have before us a panel of witnesses who are intimately familiar with the problems and challenges that we face in the narcotics battle. We're looking to these witnesses, to you who are appearing before us today, for insight into what is really going on and to what we can do to formulate a more effective strategy.

Mr. Chairman, I look forward to today's testimony. I hope it's going to be another step forward in our continuing efforts.

Thank you, Mr. Chairman.

[Statement of Representative Gilman appears on p. 69.]

The CHAIRMAN. Thank you, Mr. Gilman.

I'm honored to ask for a statement from Congressman Walter Fauntroy.

Mr. FAUNTROY. Thank you so very much, Mr. Chairman. Let me again thank you for continuing with the Committee's focus on the supply side of the narcotic situation, particularly the production and transshipment centered in Central America and the Caribbean.

We know that cocaine and marijuana that are posing a threat to our national security now do not grow on the streets of our cities or in the suburbs where they're being sold today. These forms of chemical warfare are being brought here by means of a system set up by drug cartels with such wealth and power that they literally control nations, armies, judges and prosecutors and so vicious that they will destroy anyone who seeks to interfere with their illegal traffic in death dealing drugs.

In some countries, as you know, it appears that top political and perhaps military leadership is directly involved. Such a situation, obviously, means that the political will to combat the production and shipment of narcotics is missing. In some countries the implication is that the very people we are involved with diplomatically may be part of the national security problem opposed by the drug cartels.

As I stated at an earlier hearing that we held, my colleagues and I serving on the congressional task force on Haiti have been viewing painfully the movement of that tortured nation to that status of a major logistical base for narcotics trade. We are all aware of the indictment of Colonel Jean Claude Paul, the commander of the Dessalines battalion. It is alleged, however, that others in the mili-

tary and political structure of Haiti from top to bottom has been involved in the narcotics trade. Haiti, like Panama, appears to offer an instructive and frightening example of the contradiction that perhaps some of the very leadership we depend upon for cooperation are themselves in the service of this insidious drug cartel.

With that in mind, I request, Mr. Chairman, that correspondence that I have received regarding the activities of Colonel Jean Claude Paul from a Haitian business, Hamarex, that's the Haitian Marine Exploration Company, be included in the record.

The CHAIRMAN. Without objection.

Mr. FAUNTROY. I, like Mr. Gilman and other members of this Committee, am anxious to hear the views of the distinguished witnesses before us today. The recommendations our witnesses may wish to offer to reform the conduct of our foreign policy in the face of the drug cartels, those recommendations, I think, are of paramount importance and concern to all of us and I thank you for giving us the opportunity.

The CHAIRMAN. Thank you.

[Statement of Representative Fauntroy appears on p. 72.]

[The submission from Hamarex appears on p. 123.]

The CHAIRMAN. Mr. Oxley?

Mr. OXLEY. Thank you, Mr. Chairman, I too would like to commend you on the series of hearings you've had on this very difficult issue and point out that our witnesses today, many of whom have worked long and hard on this subject, find it, I guess, difficult to understand. I guess all of us find it difficult to understand that's there's not necessarily just black hats and white hats out there. There's in some cases shades of grey and some cases different countries are treated differently. In many cases you're dealing with countries that are dependent on us. We depend in many cases on them for our defense capability and other measures, economic trade and so forth. It's incumbent upon us as members of this Committee, and particularly our witnesses, to indicate that each country is a separate case and that while we may have some particular problems in some countries, they are indeed different from others. We do have to treat each one as a separate matter.

I'm trustful that the people who are experts in this area who do, indeed, deal with this every day can better bring some information to our Committee to let us better understand whether, in fact, we want to deal with the decertification and how we want to deal with it and the particular facts that relate to each country under consideration.

It would be easy if we could simply sit back and pick out the good guys from the bad guys. Unfortunately, it's a lot more difficult than that, a lot more complicated than that as I think we're going to be made more aware of as the day progresses.

Again, I thank the Chair for this important set of hearings and I do hope that on the supply side particularly we can get a better handle on the countries that we're dealing with and the kind of decisions that we have to make in hopefully a bipartisan way that will better control the flow of illicit drugs into this country.

The CHAIRMAN. I support the gentleman's statement and would so indicate when we have the next panel.

## TESTIMONY OF DR. NORMAN A. BAILEY, FORMER STAFF MEMBER, NATIONAL SECURITY COUNCIL

The CHAIRMAN. Dr. Bailey, former senior staff member of the National Security Council, I can't thank you enough for your willingness to share your views with this panel. This is one member that believed that drug trafficking is a more serious threat to our national security than even a Communist threat. We don't have Communists killing our youths, swelling our jails, spreading AIDS, at least not to our knowledge, and corrupting our criminal justice system and holding us in absolute fear as to where we are going as a community or as a nation. And that is why with your awesome responsibilities or past responsibilities of the national security affairs, we are so pleased that you're willing to share your views with us.

If there's no objection from this Committee, your entire statement will be entered into the record and you can proceed in testifying in a manner that you feel most comfortable.

Dr. BAILEY. Thank you, Mr. Chairman, and members of the Committee.

I appreciate the opportunity to testify this morning on the involvement of the Panama Defense Forces and their commander, General Manuel Antonio Noriega, currently and for many years in the past in activities which represent and have represented a clear, unquestionable and obvious multiple threat to the national security in a narrow sense and the national interest in a broader sense of the United States of America.

It is also a story of how clear and incontrovertible evidence was, at best, ignored and at worst, hidden and denied by many different agencies and departments of the government of the United States in such a way as to provide cover and protection for these activities while, at the same time, assuring that they did the maximum damage to those very interests that the officials involved were sworn to uphold and defend.

In March of 1981 I was appointed to the position of Director of Planning on the staff of the National Security Council, eventually becoming Special Assistant to the president for National Security Affairs and Senior Director of International Economic Affairs. I resigned from the NSC as of October 31, 1983 but remained as a consultant to the Council for six months thereafter.

In connection with my duties and in collaboration with the White House office of Drug Enforcement then headed by Dr. Carlton Turner, whom I cannot praise highly enough as an individual and public official who at no time lost sight of the true interests of the country, I attempted to trace movements of large quantities of cash around the world on the justified assumption that such movements were the result of criminal activities of one kind or another since non-criminal payments of any size are almost exclusively made by check or electronic transfer.

I discovered that the National Bank of Panama returns hundreds of millions of dollars in banknotes to the Federal Reserve every year. Obviously, the result of criminal activity. And this led me to examine what those activities might be. My search led me to a trail of startling length and breadth. Since at least the mid-'70s, my in-

vestigation did not go farther back than that, the Panama Defense Forces, formerly the National Guard, and its high officials have been extensively and directly engaged in or engaged in aiding and abetting activities in the following fields, all inimical to the national interests of the United States:

Drug trafficking, including loading and unloading ships and planes and acting as host of meetings of drug barons from elsewhere in Latin America, and facilitating the movement of ships and planes using Panama as a transshipment point.

Gun running to the Sandinistas, the Contras, the Salvadorian guerrillas, the M-19 and FARC in Colombia, and anyone else who could pay for these services.

Technology transfer to the Soviet bloc and circumvention of the embargo on trade with Cuba and the Sandinistas.

Money laundering in conjunction with all the above activities through the extensive banking facilities available in the Republic.

In order to facilitate these activities, the PDF has gradually taken over more and more of the governmental functions ordinarily performed by civilians until by now Panama is by far the most highly militarized country in the western hemisphere, much more so than Cuba, for example, or Chile. Attached to this testimony is a document detailing all the functions controlled by the PDF as well as a summary of the Panamanian budget for 1968, the year of the military coup which ended Panamanian democracy and brought General Omar Torrijos to power, and the last year the budget of the National Guard was published.

The current military dictator of Panama, Noriega, was a protege of Torrijos and for many years served as his chief of intelligence, G2. After Torrijos' accidental death, Noriega became Deputy Commander of the PDF under General Paredes and then Commander. Both his predecessor, that is General Paredes, and his former deputy, Colonel Diaz Herrera, have recently detailed and corroborated all the facts detailed in this testimony and much more. In addition to involvement in all the activities outlined above, Noriega has been personally involved in at least two others:

He has been for many years first a double agent working simultaneously for Castro and the CIA and later a triple agent working also for the Sandinistas.

Murder, having ordered the assassination of Dr. Hugo Spadafora in September of 1985, reportedly upon the orders of the drug barons of South America who are reported to have met with him in Cuzco, Peru in the summer of 1985. It is not known if the beheading of Dr. Spadafora was Noriega's idea or that of the PDF soldiers who carried out his orders.

All of the above only touches the surface of the activities of the PDF and Noriega for the past decade and a half at least. Available to me as an official of the NSC and available to any authorized official of the U.S. government is a plethora of human intelligence, electronic intercepts and satellite and overflight photography that, taken together, constitute not a smoking gun but rather a 21 cannon barrage of evidence. Obviously, I have none of this documentation with me, but I would like to refer to an unclassified but official memorandum of the United States Southern Command in

Panama dated 1 November, 1985, attached. Paragraph 7 of that document reads, in part:

> The leadership of PDF disregards human rights, is often arbitrary, high handed and is involved in illegal activities, e.g. drugs. The U S. government is aware of this situation.

Indeed it was and is and for a long time, complete with names of companies, banks, individuals, et cetera, in excruciating detail. The only possible reason or excuse for being ignorant of it would be because the person involved did not want to know or find out or willfully ignored the overwhelming evidence.

I should point out that the same information, although not in the same detail, has been available to anyone who can read the newspapers, at least in the series in the Hearst newspapers by Knut Royce in 1985 and the series in The New York Times by Seymour Hersh in 1986. They are both very accurate.

I myself on various occasions challenged the government of Panama, the Panamanian Embassy or the PDF to sue me for libel or calumny so that I can demand the release of the relevant classified documents. This challenge was never responded to for obvious reasons.

It saddens me to think that for reasons deemed good and sufficient Democratic and Republican Administrations, liberal and conservative Administrations; career officials and political appointees have all conspired for years to protect and abet a group of despicable international outlaws. While we were bombing Libya we were using and apparently paying officials of an army and a government in this hemisphere as corrupt and as dangerous to the national interests of the United States as any in the world. How appropriately ironic that when the U.S. government finally turned against Noriega and the PDF, at least 15 years late, the dictator in his desperation turned to the Libyans to bail him out financially offering them a training ground for terrorists in return. How ironic also that the Libyans didn't trust him enough to accept.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Dr. Bailey for sharing with us knowledge which you've accumulated over the years.

[The statement of Dr. Bailey appears on p. 74.]

The CHAIRMAN. And if I understand you correctly, that this person, Noriega, the evidence is overwhelming that he was actively involved in drug trafficking, money laundering and activities that certainly were not in the best interests of the people and the government of the United States. Is that correct?

Dr. BAILEY. That is correct. He and many others.

The CHAIRMAN. And that you are not speculating, but you are sharing with us this information in your capacity as the former chief economist to the National Security Affairs, is that correct?

Dr. BAILEY. National Security Council.

The CHAIRMAN. National Security Council. And that this information about this drug trafficking criminal in Panama was shared with Dr. Carlton Turner, is that correct?

Dr. BAILEY. Well, I would say that we shared the information back and forth, that is the role of my office was strictly on the money laundering side. However, due to personal interests in how

such gigantic quantities of cash was flowing through Panama, I became interested in what were the various activities that led to this kind of flow of cash.

The CHAIRMAN. And in the course of your investigations, Dr. Carlton Turner became familiar with this information?

Dr. BAILEY. Well, he became more familiar with the money laundering aspect. He, of course, was himself and through his office very familiar with all the other aspects of the drug enforcement section of what was going on.

The CHAIRMAN. Specifically by Noriega?

Dr. BAILEY. Drug trafficking by Noriega and by the PDF in general.

The CHAIRMAN. Now, would you share with us the title and job description of Dr. Carlton Turner?

Dr. BAILEY. He was Deputy Assistant to the President for Policy Development in charge of the Drug Enforcement Office of the White House.

The CHAIRMAN. And he was Special Assistant to the President of the United States?

Dr. BAILEY. No, he was a Deputy Assistant to the President of the United States.

The CHAIRMAN. Who was over him?

Dr. BAILEY. The Assistant to the President for Policy Development which were a series of people. Martin Anderson, Jack Svahn and others in the Office of Policy Development.

The CHAIRMAN. I've been informed by staff that after you left, then he became the Special Assistant to the President of the United States.

Now, when you were able to get this documentation of what has been referred to as allegations and accusations against Noriega, what Federal agencies would receive this evidence that you've testified to this morning?

Dr. BAILEY. Well, we passed our results on to the Drug Enforcement Office and I don't know exactly what the distribution was from the Drug Enforcement Office. I assume it was sent to Coast Guard, Customs, DEA, Defense Department, State Department, et cetera, et cetera, but I don't know that for a fact. I don't know exactly what the distribution was.

The CHAIRMAN. And so when this Committee and other committees from the Congress hear that Noriega was the magnet for allegations but we've never really had anything to corroborate that, your testimony this morning is that the evidence, the overwhelming evidence is there and has been there?

Dr. BAILEY. That's correct, Mr. Chairman.

The CHAIRMAN. People have told me that the only evidence we have against Noriega is testimony that was given to a secret grand jury in southern Florida and that if we didn't have those 23 honest good Americans to clandestinely reach the conclusion that the evidence they had was indictable, that we still wouldn't have anything against Noriega. How would you respond to that, Dr. Bailey?

Dr. BAILEY. Well, as I stated in my testimony, the evidence against Noriega and the PDF is absolutely overwhelming.

The CHAIRMAN. Could you think of any reason why dedicated public servants would want to shield the American people and the

Congress away from these known criminal activities of General Noriega?

Dr. BAILEY. Well, as Mr. Oxley pointed out, foreign policy is a very complex matter and is a matter of setting off or balancing a number of different considerations of various kinds. The government goes through that exercise all the time with reference to people who are, by no means admirable people around the world but who, for one reason or another, we find to be, as President Roosevelt once said of Dictator Trujillo of the Dominican Republic, bastards but they're our bastards. Oh, I think he said he's a son of a bitch but he's our son of a bitch, or something of that sort.

And there is also, I would say, another factor that needs to be taken into consideration and that is, with reference specifically to drug trafficking and the drug problem, there's an enormous difference between a country such as Colombia, for instance, where large areas of the country are controlled by the drug traffickers in alliance with the guerrillas to the extent where the officials of the country cannot even enter into these areas except on pain of death, but where the government itself is certainly not a government dominated by the drug traffickers and so on. And a country such as Panama where the government itself has been controlled by people who are directly involved in all of these activities that I've outlined in the paper.

Again, I think the United States government needs to take a very different attitude toward category A as opposed to category B. In the first place, you aid and assist the government of countries such as Colombia or Bolivia or Peru or Mexico in their fight against a cancer within their own societies which is threatening them as much as it's threatening us, if not more so. And the situation in a place like Panama and I could mention another country in the Caribbean, but I won't, which is dominated by and run by the drug barons where there is no possibility of assisting them in fighting the drug traffic because they are not fighting the problem, they are the problem.

The CHAIRMAN. But you even went further in indicating that not only do we tolerate these drug traffickers that may be running countries, but in many cases we support them politically and financially and perpetuate their leadership in these countries knowing that they're international drug traffickers?

Dr. BAILEY. Well, I can only say that the only possible excuse for doing that is if we find that we have national interests with reference to other aspects of these countries which are more important than the fact that these governments are engaged directly in drug production and/or trafficking.

The CHAIRMAN. As it relates to Panama, my last question, did anything of a higher priority than the poison and the money that was being laundered and the criminal activity of General Noriega, could you think of any foreign policy consideration that would warrant this activity being overlooked or, indeed, being supported?

Dr. BAILEY. Well, not in my personal opinion. But I can think of things that obviously had—which were very important to the U.S. government at the time, such as the ratification of the Panama Canal treaties during the Carter Administration and the involvements of General Noriega with the CIA where the CIA, obviously,

felt for years that it was getting more out of the association than it was giving. Being a double or a triple agent is not easy because you have to convince A he's getting more than B and you have to convince B he's getting more than A. And also, with reference to the Defense Department, a general desire, I would say, simply not to rock the boat because our installations there are so important.

The CHAIRMAN. And you would think that at least through Dr. Carlton Turner and the State Department that the President of the United States would have been familiar with the decisions that would have to be made in this area?

Dr. BAILEY. At what time? I mean at what period of time?

The CHAIRMAN. Well, during the Panama Canal with Carter or during the assistance to the Sandinista with President Reagan or with the CIA activities, certainly Dr. Carlton Turner knew this information——

Dr. BAILEY. Yes.

The CHAIRMAN [continuing]. And I'm asking do you believe he would not have shared this with our President?

Dr. BAILEY. Well, he reported to the Assistant to the President for Policy Development. He did not report directly to the President. What President Carter——

The CHAIRMAN. What year would you be talking—because he's testified in front of this Committee several times that he's reported directly to the President and that he had offices in the White House?

Dr. BAILEY. No. Well, he had offices in the Old Executive Office Building. He——

The CHAIRMAN. The Old Executive Office Building? Well, did he not say that he spoke [conference] that he spoke directly with the President of the United States? He had his ear.

Dr. BAILEY. Well, I sometimes spoke directly to the President of the United States, but I did not report directly to the President of the United States, which is a different matter. If I issued a memorandum from my office, I issued it to the Assistant to the President for National Security Affairs. And what he did with it after that was his business.

The CHAIRMAN. Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman. Dr. Bailey, we certainly welcome your testimony before our Committee today and your candid responses.

Did you personally make any recommendations based upon your assessment of Noriega and the Panamanian involvement in narcotics?

Dr. BAILEY. Not while I was on the staff of the NSC. In other words, I passed on the information we gathered on money laundering to—and it wasn't just with reference to Panama. This is a worldwide problem and money laundering goes on in many different places, including in the United States.

I passed the information we were able to gather to the Drug Enforcement Office and they issued a report based upon that and a lot of other activities that tHey were monitoring.

Mr. GILMAN. Now let me understand, you made a report assessing that the Panamanian leaders were involved in drug trafficking and money laundering?

Dr. BAILEY. In money laundering. Yes.

Mr. GILMAN. What about in drug trafficking?

Dr. BAILEY. No, that wasn't really our job. I mean the Drug Enforcement Office certainly came to that conclusion, yes.

Mr. GILMAN. So your report then did not include anything with regard to drug trafficking by any of the Panamanian leaders?

Dr. BAILEY. No. We indicated simply that hundreds of millions of dollars to the extent that in certain years of between a billion and a billion and a half dollars in cash, that is $50 and $100 bills were passed by the National Bank of Panama to—or returned to the Federal Reserve system every year. Since they were returned, they obviously weren't the National Bank's money or the money of the government of Panama. So it obviously was somebody else's money. And since, as I pointed out, very large payments are not ordinarily made in cash, it was most likely that the vast majority of this money, if not all of it, was due to criminal activities of one kind or another.

Mr. GILMAN. You provided the Committee with this November 1, 1985 letter of the Department of Defense and it's a memorandum for Director J5. Who is J5?

Dr. BAILEY. I'd have no idea who the Director of J5 was at that time.

Mr. GILMAN. What is J5?

The CHAIRMAN. If the gentleman would yield, staff informs me that J5 is the Directorate for Strategic Planning and Policy, the Office of the Joint Chiefs of Staff.

Mr. GILMAN. Thank you. Who prepared this letter? Do you have any idea?

Dr. BAILEY. You mean this memorandum?

Mr. GILMAN. This memorandum. It doesn't indicate who——

Dr. BAILEY. No. I don't—I really don't know because it does not indicate its proverance. It states who it's for, but it doesn't say who it comes from.

Mr. GILMAN. Right. And it states that our government is aware of illegal activities, in other words, drugs. But that wouldn't have been based on your memorandum, would it?

Dr. BAILEY. Probably I would—well, not on my memorandum but it wouldn't surprise me at all if this conclusion was, to some extent, based upon the various reports and memoranda that were prepared by the Drug Enforcement Office in the White House.

Mr. GILMAN. Your memorandum——

Mr. BAILEY. But I would presume that the—if you'll excuse me, sir. I would presume that the main information that they were passing on to J5 in the Pentagon was based on their own investigations.

Mr. GILMAN. Your memo dealt only with money laundering?

Dr. BAILEY. My office dealt only with money laundering, yes.

Mr. GILMAN. Were you called upon to discuss your assessment with anyone in the Administration or any agency or any bureau?

Dr. BAILEY. I did so, but only after I left the government.

Mr. GILMAN. Who called upon you to discuss it?

Dr. BAILEY. I took the initiative myself after the murder the Dr. Spadafora and after President Barletta of Panama was thrown out by General Noriega.

Mr. GILMAN. And who did you discuss your memo with?

Dr. BAILEY. I—well, it wasn't a memo. I sent letters and personally discussed the matter with a number of people in the Administration, in the White House, Defense Department, State Department.

Mr. GILMAN. And could you tell us who some of those people were?

Dr. BAILEY. Well, yes. In the White House with Carlton Turner and with Constantine Menges, who I would say immediately took up the cause and did their best to try to get the American government to react in a forceful manner to these events without success.

I discussed it with Admiral Poindexter. I discussed it with officials in the Defense Department, most notably Nestor Sanchez. I had discussed it with officials in the State Department including the Panama Desk Officer whose name I don't remember at this point and with Elliott Abrams.

Mr. GILMAN. And did you discuss it with the DEA?

Dr. BAILEY. In the DEA, no, I did not.

Mr. GILMAN. You said that your memorandum to NSC went to the Drug Enforcement Agency, is that correct?

Dr. BAILEY. That's correct. No, not the Drug Enforcement Administration. It's not the DEA. The Drug Enforcement Office within the White House.

Mr. GILMAN. That would have been Carlton Turner's office?

Dr. BAILEY. That's correct.

Mr. GILMAN. At anytime did you discuss your findings with any DEA personnel?

Dr. BAILEY. No.

Mr. GILMAN. While you were in the NSC, was there a special desk for narcotics, a special person who dealt with narcotics problems?

Dr. BAILEY. No, there was not. There was not then and I don't think there is now. That function is performed through the Office of Policy Development, OPD.

Mr. GILMAN. Would you assess the issue of narcotics as being one of high priority, low priority, medium priority in the NSC while you were there?

Dr. BAILEY. Very low priority.

Mr. GILMAN. Low priority? When was it that the President declared this a national security interest? Wasn't that 1985?

Dr. BAILEY. You may be right. I don't remember.

Mr. GILMAN. As far as you know, has that changed at all in the NSC from your meetings with any NSC personnel?

Dr. BAILEY. Not as far as I know.

Mr. GILMAN. It's still not considered a high priority issue?

Dr. BAILEY. My understanding is that it is not.

Mr. GILMAN. As a result of your report, did you see any agency make any effort to do anything constructive with regard to the report that you made?

Dr. BAILEY. Well; I don't know whether it was in regard—you have to remember that the report I made was simply to another office in the White House.

Mr. GILMAN. I recognize that.

Dr. BAILEY. I didn't send it up anywhere. I simply sent it laterally to another office.

As far as action being taken, nothing at all was done as far as I know until after the murder of Dr. Spadafora and the overthrow of President Barletta in late 1985. And as a result, whatever was done was in my belief a result of the very active efforts of Carlton Turner and Constantine Menges to bring this matter to the attention of the Administration and try to force action. As far as I know, the only thing that actually took place was that Admiral Poindexter added Panama to a trip he was making to Central America in December of 1985.

Mr. GILMAN. Now, in your testimony you alluded to the fact that Mr. Noriega was a triple agent working for the Sandinistas, working for Cuba and working for the CIA. Now, what do you base that upon?

Dr. BAILEY. Well, I base it upon any number of reports which I saw in which General Noriega and others have passed information on to our intelligence agencies. It's common knowledge among the intelligence agencies he's also working for the other side, but obviously they felt they were getting more than they were giving up through this arrangement.

Fidel Castro has thanked General Noriega on a number of occasions, I mean publicly, for his efforts on his behalf. And in the recent events, of course, the two countries that immediately came to the support of General Noriega were precisely Cuba and Nicaragua.

Mr. GILMAN. Then most of your conclusions with regard to his being a triple agent are based on our own intelligence assessments?

Dr. BAILEY. Yes.

Mr. GILMAN. And those assessments would have come from the Central Intelligence Agency?

Dr. BAILEY. Yes.

Mr. GILMAN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Fauntroy?

Mr. FAUNTROY. Mr. Chairman. First of all, Dr. Bailey, let me commend you for your honor and your courage. I think from your testimony here certainly among those who have been privileged to view it, you have served our government, our National Security Council and our country in a most admirable fashion.

I want to thank you for your courage in telling what you know to be the truth in love and trying to get us to face stark reality with some courage.

Congressman Oxley mentioned at the outset and you concurred that on questions of foreign policy with respect to our relationships with many of these governments, there are some grey areas. Quite frankly, after hearing what you've had to say I find it hard to see any grey area with a military government that is openly involved in money laundering, in assassinating at the instruction or request of a drug cartel, political leaders openly protecting the production and trafficking. If there's some grey area, can you tell me where it is there?

Dr. BAILEY. Mr. Fauntroy, I obviously don't believe this is a grey area situation. I believe it's a black and white situation and that is

precisely why I'm sitting here, whereas with reference to certain other countries I would not give this kind of testimony. I would say on the one hand this but on the other hand that and there are certain interests that are in conflict and we have to weigh and we have to examine and so on and so forth. In my opinion in the case of Panama there is no grey area. It is a black and white situation.

Mr. FAUNTROY. Thank you. Now, you mentioned also that there may be another country in region. You're a man of great courage and, obviously, you have access to scientifically reliable and objectively verifiable data to suggest that you know whereof you speak. Would you be kind enough to speak on——

Dr. BAILEY. You want to know the name of the other country?

Mr. FAUNTROY. Yes, that's right.

Dr. BAILEY. Well, it's a series of islands very near Florida, if that gives you a hint. It's the Bahamas, okay.

Mr. FAUNTROY. The Bahamas where a military government——

Dr. BAILEY. No, it's not a military government.

Mr. FAUNTROY. Yes, I mean a government is actively involved in fronting for the cartel?

Dr. BAILEY. Yes. Can I refer to you, Mr. Fauntroy, if I'm sued for libel by the government of the Bahamas?

Mr. FAUNTROY. Well, could you summon some of those classified reports to which you made reference earlier?

Dr. BAILEY. I presume that I could, yes.

Mr. FAUNTROY. Yes.

Dr. BAILEY. On the other hand, I'm really not anxious to spend a great deal of time defending myself against such a claim.

Mr. FAUNTROY. Of course, as you know, I'm quite concerned about another military leader under indictment in this country now who has recently, in my view, been a part of a brutal, crushing of the democratic process in Haiti. And I wondered the extent to which you were aware of any esprit de corps between Mr. Noriega, Mr. Jean Claude Paul or Mr. Namphy, for that matter?

Dr. BAILEY. Well, the only things I know about Haiti are really from the public press because the involvement of Haiti as a major area for transhipment of drugs is quite recent. Of course, Noriega was one of the very few people in the world who congratulated General Namphy on his activities with reference to the first elections in Haiti and that might indicate something. But again, I read about that in the newspapers. I don't have any special knowledge of it.

Mr. FAUNTROY. Dr. Bailey, are you aware of a person by the name of Jose Blandon?

Dr. BAILEY. Yes.

Mr. FAUNTROY. What prompted General Noriega to have him negotiate a deal or attempt to negotiate a deal with our State Department that would allow him to leave Panama?

Dr. BAILEY. Well, my understanding, and this is all second-hand knowledge. I mean I am not now talking about the kinds of things that I talk about in my testimony that I know from first-hand knowledge.

My understanding is that some months ago Noriega decided the jig was up after the U.S. government finally massively turned against him, told Mr. Blandon to make a deal for him. And that

while Mr. Blandon was negotiating on behalf of General Noriega, the Medellin Cartel told Noriega that if he left his position, they would kill him. They have invested a lot of money in the person involved. He is absolutely no use to them excepting right where he is, commander of the PDF. He then told—this is all again hearsay. He then told Mr. Blandon to stop the negotiating. Mr. Blandon got angry at that for whatever reason and turned against him and began to testify against him.

If that's true, it would explain why General Noriega is hanging on like grim death because that's exactly what he faces if he doesn't hang on.

Mr. FAUNTROY. In your—of course, you're an expert on money laundering, but is there any way we can protect him and enable him to tell the truth and get out of there?

Dr. BAILEY. From the cartel? I don't believe that General Noriega believes that the FBI can protect him. I don't believe that he believes that the Spanish police can protect him from the cartel. And I don't believe that anybody can protect him from the cartel if they decide that they want to murder him.

Mr. FAUNTROY. That's all I can say.

Dr. BAILEY. Or you or me or anybody in this room.

The CHAIRMAN. Mr. Oxley?

Mr. OXLEY. Thank you, Mr. Chairman.

Dr. Bailey, in your testimony you say on page three, "Since at least the mid-1970s" and you indicate, "my investigation did not go farther back than that," but you said "at least through the mid-70s the Panama Defense Forces and its high officials have been extensively and directly engaged in aiding or abetting activities in the following fields all inimical to the national interests of the United States," and then you go into the laundry list of drug trafficking, gun running and so forth.

To what extent was that information available to our government and the Congress during the debates on the Panama Canal treaty?

Dr. BAILEY. Well, I wasn't in the government at that time. That information is certainly available to the government. I have no idea to what extent it was available to Congress, except what I read, again, in the papers that in fact it appears that it was not passed on to the Congress at the time the treaties were up for ratification.

Mr. OXLEY. This was before my time, but as I remember the debates I don't recall any specific or even veiled argument against the treaty based on evidence that Panama was, indeed, involved in these crimes. Is that a fair statement?

Dr. BAILEY. I——

Mr. OXLEY. Do you recall any?

Dr. BAILEY. You may well be correct, I really don't know.

Mr. OXLEY. It would be my guess that if this information that you have indicated to us today was available to the Senate of the United States, they would not have a ratified Panama Canal treaty.

Dr. BAILEY. That is my guess also.

Mr. OXLEY. How deep into the PDF do these allegations go? In other words, if, in fact, Noriega were to extricate himself at some

point, what does that mean in terms of our relations with Panama? Is this endemic? Does it go through the entire PDF? If we cut off the head, is another head going to rise like the hydra? Where are we in this whole situation?

Dr. BAILEY. That's a very good question, Mr. Oxley, because the corruption in the PDF is endemic from top to bottom. Simply getting rid of Noriega does not solve the problem, it doesn't even begin to solve the problem. The problem began long before Noriega was commander of the PDF, although he was directly involved in all these things. And it will continue unless the institution itself is reformed. And by that I mean that they have to be gotten out of all the civilian activities which they now control. The size of the PDF should be reduced by probably anywhere from one-half to two-thirds. It's much larger than it needs to be. And I would say the entire high command needs to be replaced.

Mr. OXLEY. So that if we were to involve ourselves, and obviously we have been, in trying to make some reforms down there simply by sending Noriega to Spain really doesn't solve the problem, does it?

Dr. BAILEY. No, it doesn't. It's a beginning, but it's only a beginning.

Mr. OXLEY. Who, in your estimation, would take over the forces should Noriega decide to leave tomorrow?

Dr. BAILEY. I really have no idea who would become commander of the PDF if Noriega left. I think probably the country would be run by a civilian junta of some kind, including the recently deposed puppet President Delvalle and four or five other people who would then call probably local elections followed by a legislative election, followed by a presidential election and so on. I think that is the period when the United States needs to put maximum pressure on the authorities in Panama to force the reformation of the PDF because once this matter dies down, as you know better than I do, in this town any crisis is a nine day wonder. And as soon as you have an electoral process going on everybody's going to forget all about Panama and go on to other matters. And that simply means that four or five years down the line you're going to find a PDF that's doing just what it's doing now and another Noriega with a different name running the place.

Mr. OXLEY. So we're a long way from solving this vexing problem?

Dr. BAILEY. Absolutely. That's the problem when you're dealing—that's one of the problems when you're dealing with a country that is run by the drug traffickers rather than having the drug traffickers being—controlling areas of the country but being opposed by the official government of the country. You really have to cut it out root and branch.

Mr. OXLEY. So Colombia versus Panama in this case are probably two examples of the extremes?

Dr. BAILEY. Yes. As a matter of fact, the armed forces of Colombia, to the best of my knowledge, at least at the time that I was privy to classified information, was remarkably free of drug-related corruption.

Mr. OXLEY. I thank you.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you. And the information you shared with us is public information and those people have access to it; is that correct?

Dr. BAILEY. What information are you talking about?

The CHAIRMAN. The documents that you refer—that you base your statements—anybody in government today that would want to verify your testimony could do it?

Dr. BAILEY. Well, it's not public information and——

The CHAIRMAN. No, I said in government.

Dr. BAILEY. It would be accessible by those officials that have the appropriate clearances and who have a need to know.

The CHAIRMAN. It should be unnecessary for those public officials or former public officials that come before a congressional committee to mislead but to tell the truth such that we would have to claim you as a national hero, but that's the atmosphere in which we judge witnesses before congressional committees. So you are, indeed, a national hero.

Mr. FAUNTROY. Mr. Chairman——

Dr. BAILEY. Thank you very much, Mr. Rangel.

Mr. FAUNTROY. Mr. Chairman, just before Dr. Bailey leaves, you quite properly noted that Mr. Oxley's question was a most appropriate one. Were you aware, Dr. Bailey, that as you responded you were in effect saying that we have the equivalent here of necessity of a world war? I could not help but try to transplant myself to the '30s at a hearing when people were asking, "What are we going to do about Hitler?" I mean shall we take him out? If we take him out, will that deal with fascism and Nazi Germany? And I could hear you saying there well no it wouldn't. In fact, the whole thing has to be broken down and restructured.

I'm wondering, Mr. Chairman, whether or not it isn't becoming very clear we have to face this reality with some courage that we have to commit all of our resources to rooting out this insidious—if I were in church I'd say spiritual wickedness in very high places.

And, Dr. Bailey, I just—I just wonder how you could sit here and say that a government that spent $5 trillion the last eight years on military defense cannot protect a general who wants to get out but can't?

Dr. BAILEY. Well, nuclear missiles and rocket launchers and sophisticated tanks and so on are absolutely useless against forces such as the Medellin Cartel. Certain kinds of guerrilla forces, terrorists and so on and so forth, that requires a very different kind of equipment and training and, unfortunately, in my personal opinion, and I only give it as my personal opinion, there isn't a security force or a police force in the world that could protect General Noriega or anybody else against the Medellin Cartel unless they incarcerated him in a maximum security area similar to Spandau prison in Germany where the Nazis who were condemned in Nuremberg were incarcerated. Now that's obviously not something that General Noriega is going to look forward to, nor do I know that anybody is offering him that kind of protection.

Mr. FAUNTROY. Nor is it possible to identify a few Gerbils and others who, if incapacitated, or put in the safe—for safe keeping might begin to break down this insidious system.

Dr. BAILEY. Well, Mr. Fauntroy, you bring up an extremely difficult question that the international community is going to have to deal with one time or another.

Mr. FAUNTROY. That's what I'm getting at.

Dr. BAILEY. And that is the question of governments that are obviously international outlaws for one reason or another. The international community used to have a way of dealing with such governments. For many, many decades now since the breakdown of international law following the First World War there really has been no true international law in any meaningful sense of the word. And what is going to eventually be done about such outlaw regimes, I have no idea. But it certainly is a matter that should be looked into with great care and there should be an attempt upon the part, at least of the western community of nations, to address that problem.

Mr. FAUNTROY. Thank you.

The CHAIRMAN. Thank you. Thank you so much.

The next panel will have answers to all of these questions. Assistant Secretary of State for Inter-American Affairs, the honorable Elliott Abrams. Mark Dion, Deputy Assistant Secretary of State for International Narcotics matters, Jack Lawn, Administrator of the Drug Enforcement Administration and William von Raab, Commissioner of the United States Customs Service.

For all of the witnesses I assume we have written testimony and if there's no objections from the Committee, that testimony will be put into the record in its entirety without objections.

The CHAIRMAN. Secretary Abrams has a time problem and if the panel has no objections, we will allow the Secretary to proceed as he would want with the limited time that he has. And you should feel free, Mr. Secretary to make any comments you would like as relates to the testimony of the preceding witness.

## TESTIMONY OF ELLIOTT ABRAMS, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

Secretary ABRAMS. Thank you, Mr. Chairman. I'll try to be very brief in the interests of time. And I'd just like to insert my statement for the record. I thank you for doing that.

One comment about General Noriega. I don't see any indication, I wish I did, I don't see any indication that it is his desire to leave Panama. It is our desire, that of the United States, that he leave, but all indications are that he is rejecting that option. That option was presented to him by the negotiators from the U.S. who met with him, it's about ten days ago now. And today's news indicates that another version of a plan for his departure was offered by the President of Spain, Felipe Gonzalez, who was in Costa Rica over the weekend. And it appears from today's news tickers that he rejected that option as well.

So our problem is that the beginning of the solution to the Panamanian crises, not the solution, but the beginning of it is for Noriega to leave. And it is his refusal to do that that is keeping this pot boiling.

The CHAIRMAN. But as a professional diplomat, you would not predict that it may be in our national interest to support drug traf-

fickers if, indeed, we have a foreign policy objective that we think is more important?

Secretary ABRAMS. Oh, I would contradict that. I don't think it's in our—I can't see how it could be in our national interest to support drug traffickers anywhere at anytime.

The CHAIRMAN. Well, Dr. Bailey said that that was actually—for a long time.

Secretary ABRAMS. I think it depends on how you define the evidence. For a long time now I, at least and many others in the government, have been asking the Justice Department what was the state of evidence against General Noriega. Evidence. The state of rumors was terrific. The state of belief that he was engaged in assisting drug trafficking was very high. But that's not evidence. Evidence is something that's solid and something that ultimately you hope you can go to a grand jury with.

The CHAIRMAN. Do you have evidence now?

Secretary ABRAMS. Well, I don't personally, but the Justice Department, of course, does. U.S. Attorneys in Tampa and Miami have it and have gone to grand juries with it and have gotten indictments from two separate grand juries.

The CHAIRMAN. You're proud of the fact that you're lawyer, aren't you, Mr. Secretary?

Secretary ABRAMS. Yes.

The CHAIRMAN. Now, you just walk with me slowly through—you have access to CIA information, State Department intelligence, drug enforcement information and none of that was corroborated evidence of Noriega being involved in drug trafficking, right?

Secretary ABRAMS. Evidence that you could take to a grand jury and get an indictment. As soon as it rose to that level, the Justice Department, two separate U.S. Attorneys, moved. What they had before that, I guess, was not adequate to take a grand jury.

The CHAIRMAN. As a lawyer would you not agree with this former prosecutor that sometimes it doesn't even impress a judge with the evidence we take to a grand jury and, indeed, receive an indictment? I mean, it is just not unusual for judges to say after reading the evidence that the indictment is just dismissed, that it is absolutely nothing. And so I think your testimony is that you would rather rely on the judgment of a U.S. Attorney in the Southern District as to what is corroborated than the CIA, the DEA and all of the intelligence communities that we have.

Secretary ABRAMS. Well, I think you need to distinguish between evidence that produces a foreign policy result and the kind of legal evidence you can take to a grand jury. I've been in this job since July of '85. In September of '85, about six weeks, five weeks after I took over, Noriega threw out President Barletta. I remember it well because Barletta—I had met with Barletta the previous day in New York at the U.N. General Assembly and he had met with Secretary Shultz. And the policy that we've been pursuing, the Department of State, since that time has been one to put more and more and more pressure on Noriega and try to change his role and change the role of the Panama Defense Forces, the National Guard, in Panamanian life.

Part of that was the trip that Admiral Poindexter took. In truth, I don't think it is accurate to say that he added Panama to his Cen-

tral America trip. I think the truth is he added Central America to a Panama trip. The main purpose of the trip was to tell Noriega that we could not tolerate what we believed to be the growing increasing pattern of PDF corruption and it had to change. That was, I guess, the first serious message to Noriega. That's December of 1985. And since then the pressure on him has been growing.

I have to say, you know, he's resisted it and is resisting it right up to this day. With the Panamanian economy essentially in ruins around him it hasn't had an effect on his desire to tough it out and stay in power. But we have been acting. We have been moving. There have been other efforts to move him out, to change his behavior, to reform the PDF in that period even though, as you correctly point out, the fact that evidence does not rise to the level of being something you could take to a grand jury, it certainly has been sufficient to move us on foreign policy grounds.

The CHAIRMAN. Okay. Well, I'm not going to contradict anything you've said about what motivated you to move on foreign policy grounds. It's just that it bothers me that we're using our criminal court system and the presumption of innocence, in my opinion, to reach a foreign policy objective, I don't care what you people in the State Department use to reach your political objectives in dealing with foreign countries, but it bothers me that you are saying, that as relates to Noriega, the best evidence that we have was the decision reached by the U.S. Attorney in the Southern District and the decision made by the 23 faceless people that indicted him, and that we are now prepared to make a dramatic movement based on that indictment which would completely dismiss the cloak of innocence that we extend to at least citizens that are indicted. And I had assumed as a lawyer that would extend even to this bum in Panama.

Secretary ABRAMS. I might—you know, I'm not sure whether we're arguing or not. What I'm saying is that prior to any indictment of Noriega going back to the summer of '85, which is as far back as I go on Noriega, it's been the position of the State Department that what he was doing could not be tolerated, that the increasing corruption in the Panama National Guard could not be tolerated and that we had to try to come up with ways to stop——

The CHAIRMAN. Well, how do you pay somebody and tell them what you're doing is not being tolerated but the check is in the mail?

Secretary ABRAMS. I can't comment on any allegation that anybody in the U.S. government ever paid Noriega.

The CHAIRMAN. But if without comment would it not appear as a partner in government that this would be inconsistent if the hypothetical was that we're saying get out of town but the check is in the mail?

Secretary ABRAMS. Would it be inconsistent if it happened?

The CHAIRMAN. Yes. Yes.

Secretary ABRAMS. I think it would be inconsistent.

The CHAIRMAN. Okay. Very good.

Listen, the Secretary has to leave and I assume that in your testimony, as relates to the government that the President has certified, you have no new evidence to show why we should support the President's decisions on certification and decertifications, do you?

Secretary ABRAMS. I don't have anything new. You were present at a hearing, I guess it was last week, at which we discussed some of these. And I think you pretty well know my position. I don't have anything new——

[Statement of Elliott Abrams, Assistant Secretary, Bureau of Inter-American Affairs appears on p. 85.]

The CHAIRMAN. Would the panel object if we allowed the members to make inquiries of the Secretary and then allow him to leave? Okay.

Ben?

Mr. GILMAN. Thank you, Mr. Chairman.

We welcome the Secretary before us today. We certainly would like to know Mr. Secretary prior to this year, did you have any knowledge or any information that General Noriega was acting as a double or triple agent?

Secretary ABRAMS. Yes. I think you have very dramatic and perhaps overly dramatic testimony by Mr. Bailey. Noriega is loyal to no one——

Mr. GILMAN. Well, it certainly is dramatic.

Secretary ABRAMS. Well, you know, Noriega is obviously loyal to no one, never has been. Noriega came up as the intelligence chief to Torrijos. In the Canal treaty days, that's what his job was. He was the chief of intelligence. As such, he dealt with our intelligence agencies and the Cuban intelligence agencies. Of course, there were no Sandinistas then, but he dealt with everybody. And we always assumed that he was loyal to nobody. So I don't know—you know, I'm not schooled in the jargon whether that makes him a double agent or a triple agent, but it is certainly the case that we have assumed that he took what information he could get from everybody and passed it on or sold it or bought favors with it from everybody else, and that he was not loyal to any of his customers.

Mr. GILMAN. Well, is our intelligence community relying upon Mr. Noriega for intelligence information?

Secretary ABRAMS. I can't answer that question. I think the question of relations between the U.S. intelligence committee and Noriega would really, first of all, probably have to be inquired into at a closed hearing and, secondly, maybe by the intelligence committee.

Mr. GILMAN. And the State Department would not have had any information about whether or not Mr. Noriega was acting in our behalf?

Secretary ABRAMS. No, I'm saying that much information as I have would be classified and would not be proper to divulge at this forum.

Mr. GILMAN. Mr. Chairman, I'd like to request that the Committee at a later date explore the possibility of an executive session so that we could pursue this issue.

The CHAIRMAN. I would ask staff to make that possible.

Mr. GILMAN. Mr. Secretary, when did Mr. Noriega's drug trafficking involvement first come to your attention?

Secretary ABRAMS. I can't give you a date. What was clear, as I say, I came into this in July of '85 and at that point it was understood generally without any particular evidence that I'm aware of at that moment that there was an increasing problem with corruption of the National Guard, that at the heart of the problem was

Noriega himself who was pushing it in the direction of corruption, that the type of corruption was not just drugs, it was more generalized. You know, anything that could be done for money. More common forms of bribery. But also not stopping at helping drug trafficking as well.

Mr. GILMAN. Was your department consulted with regard to the decision to bring an indictment against Mr. Noriega?

Secretary ABRAMS. We knew about it in advance, but Justice does not ask permission to indict—in this case did not ask permission to indict in this case or any other that I'm aware of.

Mr. GILMAN. Was there any foreign policy question raised with regard to the indictment?

Secretary ABRAMS. We had a couple of meetings where we talked about it.

Mr. GILMAN. Was Justice involved in those meetings?

Secretary ABRAMS. Oh, yes. I mean we had interagency meetings at which the Justice Department—this extended over a period—I don't mean the week or two before the indictment, but over a period of say—well, we've been having a fairly active interagency review of Panama since probably last summer. Since the—last spring when Diaz Herrera turned against Noriega, left the country and the civic crusade was formed. So we have been watching that front carefully for about nine months now.

Mr. GILMAN. And at that time there was information about his drug involvement, was there not?

Secretary ABRAMS. Oh, sure.

Mr. GILMAN. And had there been some discussions as to what extent this would be pursued in those interagency meetings?

Secretary ABRAMS. No, because it was assumed all along that the two U.S. Attorneys in question would just pursue their investigations to the maximum.

Mr. GILMAN. Have there been discussions at the present time with Mr. Noriega by our State Department or any of our agencies with regard to a disposition of this indictment against Mr. Noriega?

Secretary ABRAMS. Two representatives of the Department of State told him face-to-face about ten days ago now that the indictments could not be quashed under any circumstances.

Mr. GILMAN. And has there been any discussion about trying to arrange another country for him to remove himself to?

Secretary ABRAMS. We have—the Spanish have offered, as you know, to provide I guess we should call a safe haven for him. Asylum is not, I think, technically the correct term. But residence for him under certain circumstances in Spain and that offer was, I think, just repeated over the weekend again by the President of Spain.

Mr. GILMAN. And in our discussions with Mr. Noriega, were we willing to allow him to go to Spain and not bring on extradition?

Secretary ABRAMS. I don't believe that we—as I recall, the—I was not participant of those conversations. I do not believe that we stated a flat position on that one way or the other.

Mr. GILMAN. Do we have an extradition treaty with Spain?

Secretary ABRAMS. We do have an extradition treaty with Spain.

Mr. GILMAN. If he were to remove himself to Spain, would we bring on extradition proceedings?

Secretary ABRAMS. We would have a right to do so, I believe, under Spanish law and U.S. law. And the decision as to whether or not to do so would be for the President to make.

Mr. GILMAN. Have you made any recommendations as to whether or not we should attempt to extradite Mr. Noriega if he removes himself to Spain?

Secretary ABRAMS. Recommendations to the President, yes, but I think I would not like to go into that here.

Mr. GILMAN. At any time did the State Department recommend to Justice that we not proceed with prosecuting Mr. Noriega based upon his drug involvement because of his assistance to our own nation?

Secretary ABRAMS. No.

Mr. GILMAN. Can you tell us if we have any plan of trying to extradite Colonel Paul in Haiti?

Secretary ABRAMS. My understanding of the U.S./Haitian legal situation is that the extradition treaty we have with Haiti does not cover Haitian nationals and Haiti has a constitutional provision that prohibits them from extraditing Haitian nationals. So I think we do not have a legal claim to that.

Mr. GILMAN. Do we have any information of narcotics trafficking being undertaken or involving General Namphy in Haiti?

Secretary ABRAMS. I am unaware of any evidence that indicates that General Namphy has ever been involved in drug trafficking. In fact, I was surprised to hear that suggestion. I've never seen any evidence to that effect.

Mr. GILMAN. What was Colonel Paul's role in the Namphy government?

Secretary ABRAMS. He has never had a role in the government of Haiti, you know, legally defined. He is a very powerful military officer. He is the leader—he does not run the army and that's a misconception that's around. But he is the head of one of its most effective, most powerful battalions, one which is in Port-au-Prince, which is one of the reasons that it's so powerful. So he is a man to be reckoned with in Haiti.

Mr. GILMAN. Is he a close friend of General Namphy or is he closely associated with General Namphy?

Secretary ABRAMS. I don't think that it is a close personal relationship. I don't believe so. To some extent I think they may even be considered as rivals.

Mr. GILMAN. With regard to Mexico, what are your recommendations or were your recommendations with regard to the accreditation of Mexico?

Secretary ABRAMS. With regard to the certification?

Mr. GILMAN. Certification.

Secretary ABRAMS. Well, at last week's hearing on this question chaired by Mr. Smith we had a discussion of this issue and I have to repeat what I said then, which is that we had a number of discussions within the Administration about certification process for all of the countries for which it was an issue. And we made a number of recommendations. That is, my bureau made them upstairs to the leadership of the Department and then the Depart-

ment took the positions—certain positions in the inter-agency meetings. But we are not willing to discuss here what recommendations we made to our superiors because if we do that, our ability to make those recommendations is, I think, compromised.

Mr. GILMAN. Is it fair to say——

The CHAIRMAN. Let the record indicate they recommended against certification.

Mr. GILMAN. Is it fair to say that there were some differences in opinion amongst various agencies?

Secretary ABRAMS. Yes, I think that's fair. Also true.

Mr. GILMAN. As to whether or not they should be certified or not?

Secretary ABRAMS. Yes. There were differences of opinion.

Mr. GILMAN. Mr. Secretary, have you taken part in any strategy conferences of late as to what our position should be with regard to drug trafficking in Latin America considering the involvement of terrorist activity, related drug trafficking and considering how drug trafficking has corroded and eroded a number of the governments in Latin America and Central America?

Secretary ABRAMS. Yes. We've had a number of—we do it periodically, but we've had a number of such meetings in the last——

Mr. GILMAN. Are we evolving any new strategy?

Secretary ABRAMS. Well, we're talking. We're trying to come up with new strategies. It's quite clear that what is being done—it seems to me it's quite clear that what is being done is not adequate, so we're trying to figure out ways of doing more ourselves and of getting the relevant government essentially in the Andes to do more on both the eradication and the interdiction front.

Mr. GILMAN. At one time last year because of the crucial nature of the problem in Latin America this Committee had recommended to the State Department and to the President that there be a summit meeting amongst the presidents in the Andean region. And I think at that time the State Department was very much interested in that proposition. I think at that time, too, the Executive Branch was interested. What has happened to that thinking and don't you think that that would be a worthwhile endeavor at this time since it is such a critical problem?

Secretary ABRAMS. I do. I think the problem last year was that, as happens frequently with that kind of initiative, that it just never worked out. You know, you had a whole bunch of presidents involved, half a dozen, and so the question of when and where you could do it became extremely difficult. Now if we were to try it at this juncture we have to work around the Moscow summit. So isn't dealing with half a dozen presidents, assuming that that's the number and figuring out where and how to do it. The idea just never came to fruition. I would say I still think that it is a good idea at the very least as a way of dramatizing the seriousness of the issue to all the countries involved.

Mr. GILMAN. Well, this committee, too, I think would support that effort and would encourage you to continue in trying to bring that about. And I hope that before President Reagan leaves office that he could bring the leaders of the Latin American nations together, particularly the drug producing nations, to have a summit meeting and focus world attention on how critical a problem this

is, and particularly from that drug producing area. I hope you'll continue in those efforts.

Thank you, Mr. Chairman.

Secretary ABRAMS. Thank you.

The CHAIRMAN. Would it be below the level of the Secretary of State to think about doing the same thing for foreign ministers in these drug producing countries or is that something that's left to Assistant Secretary Wrobleski?

Secretary ABRAMS. I would not personally recommend a foreign ministers conference on this because our country—here, as in Colombia, Bolivia, Peru the foreign minister really has—doesn't have the ability to control the resources internally. I mean, in our country you have, you know, in a sense Secretary of Treasury, the Attorney General, Coast Guard, Customs, that sort of thing. And I think it's true in the South American countries as well that the foreign minister just—I mean his views on the question in a country like Colombia just aren't that important in terms of moving resources in Colombia.

The CHAIRMAN. Well, I owe Assistant Secretary Wrobleski an apology because I've been rather critical of her efforts. But if you're saying that even the Secretary of State doesn't really impress these foreign ministers, then I can understand why we haven't heard from him—or at least I haven't heard from him, or least our country has not heard from the Secretary. So I guess we'll just have to continue to depend on the First Lady to call these meetings because she seems to have been able to reach out and to do these things and I certainly support the recommendations that we've made.

If the President can see fit before he leaves office to call together the heads of state and to indicate that he truly believes that it's a threat to our national security, as he obviously has told us who are partners in government, you would have no idea how much we would be impressed in wanting to work more closely in the closing days of this Administration. And I hope that you would share this with the President, as I have tried to share it with so many people in the State Department.

Secretary ABRAMS. I was supposed to depart at 11:00. I just want to try to—I promise to give short answers.

Mr. FAUNTROY. All right. Thank you for that, Mr. Secretary.

As you know, we've suffered through with that debacle in Haiti on November 29th and you know of my concern there.

Secretary ABRAMS. Yes.

Mr. FAUNTROY. And let me assure you that I was not suggesting that I had evidence that General Namphy was involved in trafficking, although it does astonish me that you had not heard a rumor quite prevalent in Haiti that his brother Joe Namphy over at the El Rancho Hotel is involved in that.

But last week we had Richard Holwill over to our Western Hemisphere Affairs Subcommittee in Foreign Affairs and he suggested that if Mr. Leslie Manigat, the selected president there, had the political will, he would need assistance from the United States in dealing with the Colonel Paul situation. Do you have an idea what kind of assistance he had in mind and would we be willing to afford to offer it?

Secretary ABRAMS. Well, there are a number of things that one could do. For example, they have this—the new information coordination center, CIC, which is set up and working but which could certainly be expanded and could use better equipment. If you look at the—they have a drug task force in the Haitian army, but it's about ten people. That could be expanded. They've got a long, as you well know, a long coastline which really effective patrolling of that coastline whether by patrol boat or by helicopter would be a proposition that's far beyond—they don't have any means. It's far beyond the available means for the Haitians. That we've given a number of Caribbean countries, for example, "speedboats" that they can turn into patrol boats. Boats we've seized in many cases from the traffickers. That kind of thing, I think, needs to be done in Haiti. The physical resources they have available are quite poor.

Mr. FAUNTROY. I can't help but observe that with reference to Panama we've been willing to wage economic warfare and to encourage if not quarterback the effort to move Noriega. But with respect to Haiti where six million people have been brutally denied democracy for which they longed and for which we had worked with them to achieve are not getting an equal effort to assist them. We were told last week by the Department of State that the removal of trade preferences, as we have suggested, in the bill sponsored by the Chairman of the Foreign Affairs Committee, Mr. Fascell would hurt the very people we're trying to help. Well, that is certainly true in Panama, given what we're now doing. And I just wonder why we can't begin to utilize similar policy mechanisms to obtain our objective in Haiti, not only to root out drug trafficking but also to afford those tortured people there the prospect of a genuine democracy?

Secretary ABRAMS. I would have to say that I don't see this as an analogous situation. For one thing, the guy who was running Panama is under two drug indictments in the United States and you can't draw any comparison between the effective government of Panama, which is to say the Noriega regime, and the effective government of Haiti whether you want to say President Manigat or you want to say the Haitian military.

What we have done in Panama is essentially to get behind a growing movement on the part of Panamanians starting really last spring after the Diaz Herrera revolutions. I mean it was not we who were on strike yesterday in Panama. It was the people of Panama who were on strike and who were demonstrating in the streets of Panama. And we are supporting that.

We're supporting that because we think they deserve a more decent man in charge, they think and we agree than General Noriega. I just don't see any parallels between that situation and President Manigat who is, by all accounts that we've had from South Americans, from Caribbeans, from Haitians a distinguished man.

Mr. FAUNTROY. Do you think he's running the country?

Secretary ABRAMS. I think he's dividing power with the military.

Mr. FAUNTROY. Has he gotten into the palace yet?

Secretary ABRAMS. Pardon?

Mr. FAUNTROY. Has he gotten into the palace yet?

Secretary ABRAMS. Oh, I think he is working out of the presidential palace to run. You know, there is no case in Latin America,

there is no case that I'm aware of where a country that recently democraticized with free elections, and obviously they didn't have those in Haiti——

Mr. FAUNTROY. What did you say?

Secretary ABRAMS. There is no case——

Mr. FAUNTROY. What's the last thing you said?

Secretary ABRAMS. They obviously didn't have free elections in Haiti.

Mr. FAUNTROY. Okay. Right.

Secretary ABRAMS. I don't know of a case where all of the power that immediately goes to the civilians and the military doesn't retain any. That's just not the way of life, unfortunately. So I think you can't hold or shouldn't hold Haiti to a higher standard than we hold any other country in the region to, which is unless there is a 100 percent transfer of power and the military retains zero percent, then we're not going to help them out. I think we should be helping them out. Otherwise it's a self fulfilling prophecy and they never get there.

Mr. FAUNTROY. Yes. Well, of course, you know we disagree on that. But let me just quickly hit a couple of questions and I think I'll—what I'll do, Mr. Abrams, is ask that you just respond in writing to a couple of questions I have.

Secretary ABRAMS. Okay. Thank you.

Mr. FAUNTROY. Thank you.

The CHAIRMAN. Is there anyone who would like to get in an inquiry before——

Mr. OXLEY. Mr. Chairman, I'm sorry I had to leave for a few minutes.

But I think you were here, Mr. Abrams, when Doctor Bailey testified in regard to the Bahamas and the involvement at the highest levels of the Bahamian government in drug trafficking.

Do you share those same remarks and the same points that Doctor Bailey made?

Secretary ABRAMS. Well, first of all, my understanding is that Doctor Bailey's official information is at best five years old, by his testimony. That is to say, he's had no access to official information in five years.

We certainly share his concern about the failure or refusal of the Bahamas government to act much more actively, vigorously against allegations of corruption. The picture in the Bahamas is a very mixed one. The Bahamas—and, again, this is a decision of the Prime Minister of the Bahamas and no one else. The Bahamas is the only country in the world that permits us hot pursuit.

So, the Bahamas is in many ways cooperating greatly. Others here who have more expertise than I do could go down the list of ways. But, the amount of cooperation between the government of the Bahamas and the government of the United States on drug matters is really very, very high.

Mr. OXLEY. Have you seen that situation improve, then, during your tenure?

Secretary ABRAMS. I don't take any credit for it, but I think I would give the credit probably to the Coast Guard at Customs and DEA. I think there is more cooperation now. These are the experts.

There is more cooperation now than there was a couple of years ago.

Mr. OXLEY. I'll follow that up, particularly with Mr. von Raab. What about the allegations and rumors about—particularly lately since Honduras has been on the front pages—about the allegations of corruption and drug trafficking at the highest levels in the civilian and military in Honduras. What can you help us with on that?

Secretary ABRAMS. Well, I must say that the story in Honduras seems to be a relatively simple one. Geographically, it is between the producer countries and the market, namely the United States. Like Haiti, like Costa Rica, like the Bahamas, it's in the way of danger and the danger has started to eventuate into drug trafficking.

In the case of Honduras, they have one very serious significant problem and that is the presence there of Juan Matta Ballesteros who is a major Colombian drug trafficker. When he went to Honduras, we said to ourselves, "This is trouble. This guy is going to start drug trafficking through Honduras." That's exactly what he's doing. There is no question that he is buying himself friends and influence in Honduras.

Now, some of what I just said to you we know because the government of Honduras has repeatedly come to us and told us of their concerns about Matta and of their desire for more help from us. I've got, in fact, a chronology which, with your permission, I would insert in the record, starting in 1984 of times that the Hondurans have come to us to ask for greater cooperation on our part. Starting in April '85, when the then Navy Commander, Colonel Regalado started to talk to us about cooperation on interdiction and proceeding right on through this year where, for example, I think it's fair to say that the DEA office which has now been opened in Honduras, permanent office, replacing a TDY personnel office, was at the initiative of the government of Honduras which is concerned about increased drug trafficking and wants more help from the U.S. to crush it.

Mr. OXLEY. One last question, if I can. Could you perhaps end on an optimistic note and give to the Committee some feel or some examples of cooperation, honesty, and non-corruption in the Caribbean countries that have been not only helpful to us in terms of information and cooperation but also are free of government controlled trafficking in illegal drugs?

Secretary ABRAMS. Well, there are many, many stories of individuals who literally risk their lives in the struggle against drugs in each of the countries in the Caribbean.

Mr. OXLEY. What about countries——

Secretary ABRAMS. Let me make one specific example and that's Jamaica where there is a terrific eradication program underway. Again, others here will have more to add, but where Prime Minister Seaga has done everything he could to help us out, where he has done everything he could to combat the use of Jamaica for drug trafficking and drug production, that is to say marijuana production, where they've gone from aerial spraying to backpack spraying of small plots.

I think that on this question of marijuana eradication, they could not have been more cooperative. But again, we sometimes, even in

countries where there is an overall problem, we have to recognize that there are many, many individuals who, despite the risks to their lives, are going out and cooperating with our anti-narcotics efforts, particularly working on the ground in conjunction with DEA at enormous risks, sharing the risks that DEA——

Mr. OXLEY. What about the Dominican Republic?

Secretary ABRAMS. The Dominican Republic is another excellent example. The first question—this goes back to Mr. Rangel's comment. The very first issue that Secretary Shultz raised with President Balaguer and that the President raised with President Balaguer on Friday, in their separate meetings with him, was to thank him for the anti-drug cooperation that we've had from the government of the Dominican Republic.

For example, in the Joint Information Coordination Center, the JICC that's been set up, we have increased greatly the effectiveness of Dominican anti-drug activities. There's, again, a government under President Balaguer which is just 100 percent with us on the effort to stop the use of the Dominican Republic by drug traffickers.

Mr. OXLEY. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The great thing with tradition with the State Department is that in the history of the Republic there has been no country that has not fully cooperated with the State Department. So, this serves in that high tradition.

He has to leave, but questions that we have will be submitted to you in writing. He was supposed to leave at 11:00.

Secretary ABRAMS. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you.

As I indicated, the testimony of all of the witnesses will be entered into the record. You can understand our concern about the testimony given to us by Doctor Bailey, in view of the fact that many of you have testified on this very subject before this very same committee, the record of which is before us. So, if you would like to comment on that before we get involved with the degree of support of the certification, then you should feel free to do that.

Suppose we start off with Commissioner von Raab, especially as it relates to the certification of the government of Mexico.

## TESTIMONY OF WILLIAM VON RAAB, COMMISSIONER, U.S. CUSTOMS SERVICE

Commissioner VON RAAB. Mr. Chairman, I have a brief statement responding to the issues covered in your letter, that is the corruption of the Panamanian officials in Operation Saber.

The CHAIRMAN. Very well written.

Commissioner VON RAAB. If it's all right, I'll just ask you to put it in the record and I'll answer questions as they come up.

The CHAIRMAN. It will be and we want to thank you for your thoughtful remarks.

You still with us?

Commissioner VON RAAB. I'm sorry. I would repeat——

The CHAIRMAN. I just felt that you have the total responsibility of sharing with us the effectiveness that we as a government are

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having on that border between the United States and Mexico. Also, you have read, like we have, the document sent to us by the President through the State Department. I just would like to have your views on that document.

Commissioner VON RAAB. My views on the document were expressed in some detail in my response to the State Department on the document, most of which were contained in the report itself. I'd be happy to read our comments on the Mexico section that were contained in my letter to the State Department.

The CHAIRMAN. You could just highlight it. It would be sufficient for us. We have the statement that you——

Commissioner VON RAAB. It's not very long. My comments on the report itself was that there is corruption among senior level Mexican law enforcement officials and corruption is pervasive throughout the law enforcement, military systems. This corruption has effectively precluded Customs working with Mexican authorities on interdiction and has inordinately increased the number of resources we're forced to commit to the southwest border.

The amount of drugs entering the U.S. through Mexico continues to climb steadily and it's very difficult for us to fulfill our obligation at Customs to the American public to prevent drugs from entering the country as long as the corrupt situation prevails.

It's our belief, from the information available to us, that Mexico is making a token attempt to address the issue of narcotics trafficking within its borders. Our intelligence indicates that in addition to marijuana and heroin, Mexico is one of the two major trans-shipment countries for South American cocaine. Our investigations, as well as extensive contacts with state and local law enforcement officials indicate that powerful Mexican officials are providing safe havens to drug traffickers and making it possible for narcotics to be smuggled in and out of Mexico with impunity.

We've approached Mexico about cooperating in an overflight in pursuit of drug traffickers and the response has always been evasive and stalling tactics. Mexican officials were so unresponsive to our requests for narcotics related financial information that out of frustration we have ceased working with them. We believe the problems are very severe and ingrained and that strong action by the U.S. government is essential.

I testified to these matters two years ago, not quite to the day but I guess it was on—well, actually, it was March 29th, so it's very close. I'm sorry, it wasn't. It was March 18th. I commented about the same problems and I would say that the situation is just about the same. To go back to my original testimony, our border is still being violated at will and it is a serious national security concern. I believe that we can continue to put more officers out there, but it remains a very, very serious problem and we must receive more cooperation out of the Mexican officials in order to improve the situation on the border.

The CHAIRMAN. Thank you, Commissioner.

[The statement of Commissioner von Raab appears on p. 96.]

The CHAIRMAN. Secretary Dion?

**TESTIMONY OF JERROLD MARK DION, DEPUTY ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS MATTERS, DEPARTMENT OF STATE**

Secretary DION. Yes, sir. I have a short opening statement, if you would permit me.

The Department has provided detailed information on narcotics control operations in Mexico, Panama and the Bahamas, Haiti, Honduras and Nicaragua and the formal testimony summarizes the major findings of the International Narcotics Control Strategy Report, which was submitted to the Congress on March 1st, along with the presidential certifications for the Bahamas and Mexico.

Perhaps no other region of the narcotics world is more volatile than the land mass between the Rio Grande and the Panama/Colombia border. The shift in this decade has been pronounced. Mexico, a principal supplier of heroin and marijuana to the United States, made the greatest strides in eradication of any nation in the 1970s, but has seen its program fail to keep pace in the 1980s, despite some solid improvements in the last two years.

Panama became a major money laundering center for the South American cocaine trade, culminating in General Noriega's indictment on drug charges, the first time a head of state de jury or de facto was indicated on such grounds.

Central America is being swept into the drug group. Now, drug trafficking and even some narcotics production have reached Guatemala, Honduras and Costa Rica. Allegations are made of official involvement in several Central American countries. There have been strong indications that one or more of the Sandinista leaders in Nicaragua have involved themselves in narcotics trafficking.

Many factors are at work here. Geography is the principal consideration. These countries lie in the path between the coca fields of the Andes and the cocaine markets of the United States.

Economic considerations are important, not just the availability of banking havens, like Panama, but the fact that the people of these countries, like farmers in the Andes, see the drug trade as a possible escape from their poverty.

The limited investigative capabilities of the police forces, as well as scarce resources, are also important.

Looming over all other considerations are the Medellin Cartel and other trafficking organizations. Well armed and financed, with sophisticated aircraft, communications equipment and other technology at their disposal, the traffickers could put regular police forces to a severe test.

Mexico's eradication and interdiction programs are in urgent need of improvement. The President's report to Congress certifying Mexico included a special justification and a call for 1988 to be a year of positive results. Heroin and marijuana production must be curbed in the fields and at the border. Mexico needs to take aggressive action against the growing traffic in cocaine from South America. Traffickers must be apprehended, tried and convicted and their assets should be seized.

For Mexico to restore the effectiveness of its campaign is one of two keys to more successful narcotics control throughout the region. The second, we believe, is to shut off the traffickers access

to the Panamanian banking system. DEA made progress in Operation Pisces, but the indictment of General Noriega indicates that our overall penetration of the system was, in fact, limited and that despite Pisces and the undeniable cooperation we received on both marijuana eradication and cocaine interdiction, there are very serious problems in Panama.

The President denied certification to Panama, but we look forward to responsible elements there showing that they're ready and able to cooperate fully on narcotics control. Until then, the denial of certification will stand.

If we can gain the upper hand in these two countries, we think we can begin to contain this menace.

Sir, I think that's my opening statement.

The CHAIRMAN. Thank you, Secretary.

[The statement of Secretary Dion appears on p. 101.]

The CHAIRMAN. Mr. Lawn?

## TESTIMONY OF JOHN C. LAWN, ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION

Mr. LAWN. Thank you, Mr. Chairman.

I do have a statement which I can furnish for the record. I know of your time constraints and I will just make myself available for questions, sir, if that will assist you in your——

[The statement of Mr. Lawn appears on p. 112.]

The CHAIRMAN. Now, you've heard the testimony of Commissioner von Raab and obviously you know that we have problems with the President's paper as it relates to the certification of Mexico. This is a long time ally and we don't know whether certification for national security would enhance our ability to reach our objections, that is to get more cooperation and to get more eradication.

But one thing is abundantly clear, that it is the thinking of most Members of Congress that the law has been abused by the Administration if they are saying that they have cooperation from Mexico in this area.

Now, you at the Drug Enforcement Administration level, do you believe that you have the type of cooperation from the government of Mexico as a professional that would justify this Congress supporting the recommendation?

Mr. LAWN. Let me say, Mr. Chairman, that certainly there are problem areas about which I have held many discussions with the Attorney General of the United States. I have shared some of those problem areas with this Committee. But on the other hand, we are receiving cooperation from the government of Mexico.

The CHAIRMAN. Well, all I hear are the problems, you see, and the increase of drugs that are pouring across the border. I don't want to read the President's statement, but I would not want anyone to endorse me as the President has endorsed Mexico with all the problems that we're having. We talk about what's going to happen in 1988. Neither one of these presidents are going to be around for next year. So we're talking about what has been done. I'm talking about specifically, professionally. We know there's been cooperation. We haven't broken off our relationship with Mexico. You're allowed to go into Mexico.

Can you tell the Mexican law enforcement people where you would like to go to take a look at where the opium is and where it's being destroyed? Can you do that with our friends in Mexico?

Mr. LAWN. No, sir. The eradication program is controlled by the government of Mexico. We do have a procedure wherein after spraying has been initiated, we can go and certify that the spraying has been done. In those areas where we have been able to certify, we have seen a success rate of, perhaps, 90 percent.

The CHAIRMAN. Okay. Okay. Do you have your own plane? We're not talking about the government of Mexico's right to restrict anybody. They're in charge, I respect it. But as friends and allies in this war against drugs, do you have your own DEA plane that you can fly and find out what's going on there?

Mr. LAWN. No, sir, we do not.

The CHAIRMAN. Do they give you one of their planes so you can fly around and check out and share intelligence with them?

Mr. LAWN. Yes, sir. On the verification program, a plane is periodically made available to us so that we can go to a site that has been sprayed in order to verify that the area is——

The CHAIRMAN. I didn't frame my question correctly. You can always go where they tell you that you can go. I'm asking can you go wherever you want to go in terms of finding fields that have not been sprayed.

Mr. LAWN. No, sir, we cannot. But again, we are guests of the government of Mexico.

The CHAIRMAN. Oh, listen, I know that. We're talking about friends and allies though. So, you get a lot of intelligence as to where drug traffickers are growing and trafficking, don't you?

Mr. LAWN. Yes, sir, we do.

The CHAIRMAN. And so, if you want to verify it to make certain that it's good information before you shared it with the government of Mexico, can you take a helicopter and go check it out?

Mr. LAWN. No, sir, but when we do develop such information, we certainly can travel there independent of our counterparts to verify, personally, before sharing that confirmed information with the government of Mexico.

The CHAIRMAN. So, you can fly your own——

Mr. LAWN. No, sir, not fly.

The CHAIRMAN. How do you get there?

Mr. LAWN. By vehicle generally.

The CHAIRMAN. I'm talking about where they're growing opium and marijuana and coca leaves out there and you want to verify whether or not your information is correct. Can you requisition a plane or can you tell them where you want to go to check it out?

Mr. LAWN. If we were to develop information, we can certainly go to our Mexican counterparts and say, "We have information on marijuana in a given part of a state." Then, generally we would be allowed to travel to that area.

The CHAIRMAN. Does the situation come up where you may not want your counterpart to know the information you have for security reasons?

Mr. LAWN. I think in any country of the world that might happen.

The CHAIRMAN. I didn't mean to pinpoint Mexico. Can you tell your counterpart in the Mexican government that you heard that a field had been eradicated and that you'd like to land—when I say you I'm talking about your agents.

Mr. LAWN. Yes, sir.

The CHAIRMAN. That you'd like to go down there and just see what has been eradicated down there? Can you just tell them, "Stop there. Drop down. I want to get out and look at it"?

Mr. LAWN. I cannot think if a particular instance when that was done, but I'm sure that that request has been made.

Yes, Mr. Westrate, our Chief of Operations, has indicated that that has been done.

The CHAIRMAN. That you have been able to land?

Mr. LAWN. Yes, sir.

The CHAIRMAN. Is that common operating procedure? Because I heard exactly the opposite, that you could not land. So, is this something new or is my information just bad?

Mr. LAWN. Mr. Westrade has informed me that most of the verification is, in fact, done in fixed wing aircraft and not in helicopters. So, our ability to ground truth is——

The CHAIRMAN. I know that. That's why I said helicopters to land. You can't land those other things, but you can go back physically and say, "I saw it from the skies. I would like to now look at it on the ground." I was informed that you cannot do that.

Secretary DION. Can I address that?

The CHAIRMAN. Sure you can, Mr. Secretary.

Secretary DION. Thank you, sir. Operation Vanguard, which is the program that you're addressing, sir, which is managed by the DEA, relies on aircraft that have been made available in large part to that same government through the International Narcotics Bureau. Probably half of the aircraft in Mexico are supplied by us.

We have pressed the Mexican government to make a helicopter available to the DEA for Operation Vanguard. The helicopter has been under repair for some time, but as of now it's not dedicated to this program.

The CHAIRMAN. Mr. Secretary, I understood it wasn't a question of availability, but a question of sovereignty and a question of whether or not the government believes it should give us this type of thing. Are you saying that the diplomatic question has already been resolved and it's only a question of nuts and bolts as to whether any of these things can fly?

Secretary DION. To my knowledge, we have never been denied access to areas that we've requested to go to. No, sir.

The CHAIRMAN. Can anyone in the DEA that's sitting behind you verify that, to your knowledge you've never been denied access to any area that's been eradicated by the request made by the DEA in Mexico?

Secretary DION. Well, there may not be a helicopter available, but if we've asked to go out and overfly an area, they have not refused us.

The CHAIRMAN. I am convinced that the government of Mexico's position is that whatever lack of success they've had has not been the lack of commitment but has been the lack of equipment. I'm certain that that's what's being said by the State Department.

So, I'm asking, as it relates to signing off, saying "DEA can take those helicopters if we had them and land where they want, check where they want, verify where they want." Is it the thinking of the DEA that that is possible, all you need is a helicopter, which you don't have?

Mr. LAWN. No, sir. It's our thinking that there is not unlimited access in Mexico. Our access is——

The CHAIRMAN. As a matter of fact, to say it another way, there's limited access.

Mr. LAWN. Yes, sir.

The CHAIRMAN. Okay. Well, you're familiar with the GAO report which says that we are not able to really confirm or deny.

Mr. Secretary, you send back to Assistant Secretary Wrobleski my deepest apologies for thinking that she could be more forceful in this area.

You heard the testimony of her counterpart, Assistant Secretary Abrams, when I suggested that they have a summit with foreign ministers?

Secretary DION. I heard his testimony, yes, sir. But I think I wouldn't agree wholly with that. I think what he meant was that other foreign ministries in the hemisphere don't have the kind of responsibilities for narcotics control that ours does and that a meeting therefore with foreign ministers and not with ministers of Justice or Interior or whoever has the real operational responsibilities for eradication or interdiction in these countries wouldn't really be a very useful exercise.

In the case of the Department of State, we do have responsibility for international narcotics control activities. We've had that responsibility now since 1972 and I think we've fulfilled it.

The CHAIRMAN. Well, with whom has Secretary of State Shultz met in terms of those who do have influence as opposed to his counterparts which are not nearly as powerful as he is?

Secretary DION. Well, the Secretary meets regularly with heads of state, with prime ministers, with top officials, military and civilian, of foreign governments. In almost every case where there is a country that's involved somehow in the narcotics problem, as a consumer, as a producer, as a transit state, the Secretary of State raises the narcotics issue with them forcefully.

The CHAIRMAN. So, as relates to Mexico and the countries in South America, the President has met with the heads of these countries to discuss the narcotics problems?

Secretary DION. The communique from the Mazatlan summit made very clear that narcotics was one of the main issues discussed between the Presidents of the United States and Mexico.

The CHAIRMAN. What do you mean "is very clear"?

Secretary DION. There's a strong statement in the Mazatlan communique regarding narcotics and——

The CHAIRMAN. What Mazatlan communique?

Secretary DION. This was a summit conference that we held, sir, in February in Mexico.

The CHAIRMAN. Listen. I know you're a professional and you're held in high esteem by me and the Congress and your colleagues, but the only type of communiques we know is when the Secretary

is on television and he says, "And I went there and I told them that this is important to our national security."

Now, I see the Secretary every Sunday on television and he's never shared any of these communiques that you talk about. Now, does he have a problem in talking about this thing publicly?

Secretary DION. No, sir, he does not. At the opening of his budget presentation just about two weeks ago, he addressed the narcotics issue as a high priority of the State Department and the government generally.

The CHAIRMAN. Well, I know he talks a lot to the people on the Hill, but I'm talking about publicly and nationally. Do you ever recall recently—no, ever, that the Secretary was out front there—I know he's tied up in the Middle East and he's doing a terrific job with overwhelming opposition from a lot of our friends. But notwithstanding that, he's done a heck of a job with terrorism, with Communism. Do you ever hear him on television talking about this threat to our national security that the President has talked about?

Secretary DION. Well, we've discussed this in hearings before, Mr. Chairman. The Secretary has given several speeches, as recently as this month.

The CHAIRMAN. I didn't say speech, Mr. Secretary.

Secretary DION. He's addressed private gatherings——

The CHAIRMAN. I know he talks a lot privately. But I'm talking about on national television, those shows that you and I watch. I'm not talking about cocktail parties and receptions.

Secretary DION. I think it depends on the kind of question he gets at a national television show on a Sunday.

The CHAIRMAN. Oh, I see. You mean when the Secretary goes on, he's only going to respond to the questions? He doesn't really have a message——

Secretary DION. Well, no. I think that if it came up in the discussion, yes, he would address it, absolutely.

The CHAIRMAN. Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman.

I'd like to ask the entire panel. Having reviewed all of our international problems and seeing the extensiveness of the corruption out there, is there anything that you would like to recommend that the Congress can do or should do to improve the situation? Are you prepared to make any recommendations of what we can do to improve our strategy, to improve our effectiveness abroad?

I'd like to ask each one of you to comment on that.

Mr. von Raab?

Commissioner VON RAAB. I don't know of any particular piece of legislation that's necessary. I understand there's a bill going through the Senate now anyway which will contain a lot of provisions that might toughen the drug laws in one place or the other.

Mr. GILMAN. That's Omnibus 2 and it has a good deal of support here in the house.

Commissioner VON RAAB. That's right. As far as the specific question you asked, I think what is useful are these types of hearings that you're holding which highlight the issue. I do think the issue of drug trafficking and drug production needs to be raised on

our national agenda as an issue that cuts across many lines and as an issue that shouldn't be treated in isolation.

I believe that it generally poses a first class threat to our national defense and to our internal security by destablizing foreign governments on the one hand and by spreading poison among our school children on the other, no less some of our professionals.

I think that the more attention Congress puts to it, the more it will be raised on the government's agenda. By the government, I mean the three branches of government. I think that the Judicial Branch has got to get a little tougher. I think the Executive Branch has to give it a little higher level of attention, and I think the Congress has to keep its attention on the drug issue. I know that all the gentlemen here do that, but we had a great frenzy back in '86, with lots of talk about it, and then it sort of dropped off Congress's agenda.

I just think it's important that it remain on the agenda of the Judicial and Executive Branch at a very, very high level and that the Judicial Branch get a little tougher in some of its actions. Those are my personal feelings.

Mr. GILMAN. Thank you.

Mr. Dion, would you care to comment?

Secretary DION. I would agree with the Commissioner. I think that these kinds of hearings which we all look forward to, concentrate attention on the issue and I think that the public watches these. I know I get notes from elderly relatives who never fail to watch CNN and listen to the questions I get. I think that the law, the 1986 law has been an enormous weapon in our efforts to gain the attention of foreign governments to this issue.

Mr. GILMAN. Will you be supportive of the new Omnibus measure?

Secretary DION. I haven't had a chance to study it yet, sir, but I think it probably has some provisions that would be very useful.

Mr. GILMAN. I'm pleased that you're supportive of these hearings.

Admiral Crowe the other day commented that if Moses had gone to congressional hearings rather than going up to Mount Sinai, he'd come back with two tablets of aspirin rather than tablets of stone.

Mr. Lawn?

Mr. LAWN. Yes, Mr. Gilman. If I could begin by saying that Mr. Dion on my left is my friend and associate, has been for a long time. But I don't share his enthusiasm for coming up here with any regularity.

But I will say if there is one single thing that could be done in the short-term that would help us immeasurably it is the Precursor Bill. The Precursor Bill that is currently up here because unfortunately, when we talk about the source countries that are making the poison, it is our chemicals that are assisting those drug traffickers——

Mr. GILMAN. Do you want to explain that term "precursor" for those who may not be aware of it?

Mr. LAWN. Yes, sir. The chemicals necessary to get the alkaloid out of the coca leaves to produce cocaine hydrochloride, the white powder, and then later to produce the crack which is engendering

so much violence in our cities, those chemicals predominantly come from the United States. In order that enforcement can hold the feet to the fire of the chemical industry, we think that this legislation will be very helpful to us.

Mr. GILMAN. That should be high on our agenda and I'll make certain we pursue that.

Mr. Dion, as you know, for many years now the Mexican parliamentarians and our own U.S. parliamentarians have been suggesting a U.S./Mexican cooperative mechanism, a joint commission. And the State Department, your agency, particularly has resisted that. Can you tell us where we stand? You know the Congress adopted this measure, included it in the Omnibus Anti-Drug Act of 1986. Each time we try to move that initiative forward, we find resistance. Where does that stand now in your department?

Secretary DION. Well, sir, I was advised just before I came up today that in fact the Mexican Senate, the president of the Mexican Senate has communicated to leaders of the Congress who have been associated with this issue, Congressman de la Garza, that the——

Mr. GILMAN. We've also been involved in that, Mr. Dion.

Secretary DION. Yes, sir. But I mean that was the addressee of his letter. The Mexican legislature has now chosen its representatives and in consultation with the Mexican government, advisors have been appointed to the commission by the government of Mexico. They now request that the U.S. Congress appoint representatives and request the U.S. government to make advisors available.

Mr. GILMAN. Are you now prepared to support that proposal and to suggest advisors?

Secretary DION. Sir, our position all along has been that we would act as advisors to an inter-parliamentary commission. The resistance was against a mixed negotiating commission of Executive and Legislative Branches and the Mexican government's position was the same.

Mr. GILMAN. And you're now prepared to recommend governmental advisors to this commission?

Secretary DION. That's my understanding, sir, that we've always agreed to do that.

Mr. GILMAN. And you will no longer resist the appointment of this intra-governmental commission?

Secretary DION. Well, I don't think we ever resisted the appointment of an inter-parliamentary commission with Executive Branch advisors. It was a mixed commission that we opposed.

The CHAIRMAN. Could you send a letter to the speaker because we're losing a lot in these exchanges. Whatever your position is and you have the law and you have the letter from the Mexicans, could you have somebody send a letter to the speaker?

Secretary DION. It's our legal division that's worked closely on this. So, I will have to consult with them. But that was the latest information I received this morning, sir.

[A letter from Assistant Secretary Fox to Speaker Wright is being submitted separately.]

Mr. GILMAN. Well, it's rather embarrassing to have this linger for four or five years and not being able to implement it. I would

hope that now your agency would be supportive and assist us in this endeavor.

Secretary DION. The letter from the Mexican government is enroute, according to my information.

Mr. GILMAN. Mr. von Raab, your report came down pretty heavily on Mexican corruption. Has that situation improved any since your report was issued? Do you have any comment you'd like to make further with regard to the report?

Commissioner VON RAAB. I'm not sure exactly what report you're talking about. I reported to this Committee in 1986. I haven't seen any change since 1986.

Mr. GILMAN. Didn't you make a report to the Senate with regard to Mexican corruption?

Commissioner VON RAAB. I have testified extensively with respect to Mexico, both before this Committee, other committees of the House and committees of the Senate, particularly the Foreign Relations Committee. None of the testimony I've given before any of those committees would I change at this point.

Mr. GILMAN. So, as far as you're concerned there has been no improvement internally?

Commissioner VON RAAB. I haven't seen any, no.

Mr. GILMAN. Do you know whether the Mexican government has undertaken a study of any of the corruption activities?

Commissioner VON RAAB. Well, there's been a lot of talk about it. For example, last year just about this time, the Mexican consul in Houston said they were going to fire 150 Mexican Customs officers who were corrupt and that the President had ordered them to put a dent in the illegal bribe-taking that was taking place. We haven't seen any change in Mexican Customs personnel.

There's always a fair amount of rhetoric, but I haven't seen much action backing it up.

Mr. GILMAN. Do you have any suggestions about what we could do to approve our capability and our relationship with Mexico?

Commissioner VON RAAB. Well, there are a number of efforts underway to improve it. The Attorney General of the United States has had extensive meetings with his Mexican counterpart, a fellow by the name of Ramirez, and our Assistant Secretary of the Treasury Department has also met with Ramirez. There have been a number of—I can tell from a Treasury perspective, a number of agreements made. They're not very impressive, but they're something. It's a start.

One is with respect to coordinating the tracing of weapons, another with respect to the detailing of tail numbers of U.S. registered aircraft using airfields in Mexico, giving that information to the Justice Department, and some information on the movement across the border of individuals from third countries known to be trafficking, primarily Colombians.

There had been discussions between Assistant Commissioner Rosenblatt of the Customs Service and an official of the Mexican Attorney General's office by the name of Padilla with respect to some air operations. Largely at this point we are talking about some sort of observation flights by Mexican officers in U.S. aircraft to see how we do it.

There are a lot of officials talking. I suppose that that's better than their not talking, but it's not very impressive.

The CHAIRMAN. If the gentleman would yield. I know you have to leave.

One of the problems that I've had is that we have never been able to find a U.S. plan that we could give to our friends in Mexico so that when we come here we could have check-off as to what we expected. Do you know of a U.S. plan that's given to you at the first of every year as relates to the border and it comes from the highest authority saying, "Commissioner, this is what we expect from our friends in Mexico. We expect a report from time to time from you." Have you ever seen it?

Commissioner VON RAAB. Well, there are many, many proposals that our officials have taken to Mexican authorities and asked for their agreement to them. Whether it's ever been reduced to two pages that would be marked "U.S. Plan for Mexico," I don't think so. But certainly——

The CHAIRMAN. If I were to ask you, "What's the game plan? What's the strategy," if we've asked them to do nothing in writing, at least for your counterparts in the Congress, how can we be critical? They say, "We do what we're told and we don't have anything that we've been asked to do specifically."

Commissioner VON RAAB. Well, there's one issue which is not only very important operationally but very important symbolically. That has to do with joint air flights along the southern border. The United States government has for years now made a proposal that we would have U.S. aircraft which would be crewed jointly by Mexican officers and Customs officers. Obviously, the pilots would be U.S. Customs because they would be U.S. planes.

We're prepared to put Mexican insignia on them, submit them to Mexican traffic control when they're in Mexico, have the officer on board be the Mexican officer when we're in a Mexican air space. We've done everything possible. This, to me, is probably the most significant issue because symbolically it represents the ultimate in cooperation that I could imagine. I mean the truly split of sovereignty there.

It also is very important operationally because one of the serious problems we have at that border is the intrusion by aircraft from Mexico, operating out of safe air fields in Mexico. Without the ability to follow these aircraft on both sides of the border, they literally operate with impunity. So, I have always used that particular proposal as the example of the degree to which the Mexican government is prepared to cooperate with us.

Mr. DORNAN. Would the Chairman yield?

The CHAIRMAN. Yes.

Mr. DORNAN. Because this point is so important on giving them aircraft. When Mr. Gilman and I went to Thailand a few years ago, we saw 12 brand new Rockwell OV-10 Bronco aircraft, brand new, lined up in beautiful revetments at Chiang Mai that were, I think, all but given to the Thai government for drug interdiction. And then, on an earlier trip in '79, we saw those eight brand new Huey helicopters painted a neutral gray for governments on the other side of the world.

If Mr. von Raab could emphasize again, how close have we ever come to supplying new Huey helicopters or new OV-10 Broncos to the Mexican government?

Commissioner VON RAAB. Well, maybe someone else in this panel can tell you. We actually gave the Mexicans an S-2, which is not anything like an OV-10, probably about four years ago. Unfortunately, they didn't put any gas in it and they crashed it. So, it was a bad start.

There are lots of other aircraft so that maybe Mr. Dion can talk about the aircraft that we do supply them, not for inderdiction but for eradication.

The CHAIRMAN. Ben?

Mr. GILMAN. Just one more question, Mr. Chairman. I know I've exceeded my time.

Now, Mr. Lawn, with regard to Haiti, there's been a lot of talk about high military and high government people besides Colonel Paul involved. Has your agency pursued any of that information?

Mr. LAWN. Yes, sir. Congressman Gilman, whenever we receive such information we investigate it. It was our investigation of——

Mr. GILMAN. Is there an on-going investigation of others involved in Haiti?

Mr. LAWN. I'm not sure there is, no, sir.

Mr. GILMAN. General Namphy's brother is reportedly also involved in drug trafficking. Is there any evidence with regard to that?

Mr. LAWN. No, sir, I have no updated information about an on-going investigation.

Mr. GILMAN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. I'll ask the members. Commissioner von Raab has to leave and all I'm saying is that I hope that you share with me sometime today the things that you could recommend that could improve U.S. government cooperation as relates to the border. I guess one of the terms that we use is "wish list," things that could make the friendship more binding, the cooperation more effective and it doesn't necessarily have to go into prior proposals.

But one of the problems we have is that I don't know what we requested of the Mexican government. All I know is that they're always cooperating and the planes can't get off the ground and they're very sensitive and have nationalistic feelings and it's the host government and they're our friends. I know all of that, but if you could just give me a list as to things that friends could do to help us to protect our borders, I'd appreciate it.

Commissioner VON RAAB. I'd be happy to come up any time to your office, Mr. Chairman——

The CHAIRMAN. Very good. Let's do that this week.

Commissioner VON RAAB. Have a long conversation about that.

The CHAIRMAN. Thank you very much.

Mr. PARRIS. Mr. Chairman, before the Commissioner leaves, just one quick question.

Wnat percentage of the international flights are we interdicting now?

Commissioner VON RAAB. What percentage of the illegal smuggling flights are we interdicting? That would have to be given to

you on a regional basis. I would say that in the Southeastern United States, we are interdicting a very high percentage of them, probably running close to 50 percent. As a matter of fact, we don't get many flights coming directly into the Southeastern United States. In the Gulf, it drops considerably, probably to 10 to 15 percent. Once you get to the Southwest border, we're talking maybe five percent or less.

Mr. PARRIS. When we authorize——

Commissioner VON RAAB. That's a reflection of the equipment that we have on the border. We're only recently starting to deploy these balloons with radar hanging from them, which we call aerostats. Those will be upon the Southwest border and then that number will increase considerably.

Mr. PARRIS. Have you ever seriously considered authorizing the military to shoot them down or to sink the boats?

Commissioner VON RAAB. You're talking about a subject that is dear to my heart. There's a very lively constitutional debate within the Executive branch over the constitutionality of the shooting down of aircraft. There was a case called Garner v. Tennessee decided some years ago in which the common law, longstanding practice of allowing policeman to shoot fleeing felons was questioned by the Supreme Court. And in effect, the shooting down of an aircraft by the Custom Service, or the military for that matter, is really an issue of constitutional debate. The authorities, I would say, are probably evenly split on it.

I think Attorney General Meese made a good point on it. We need to be absolutely certain of the identity of the people that we would take action against. The technology probably hasn't reached the point where we would be capable of identifying the exact occupants of the aircraft and all that sort of stuff. So, there's still some reluctance. It certainly would make an impression or the smugglers if they thought they would be shot at.

The CHAIRMAN. If the gentleman would yield.

If you'd come to me and asked for political advice, which you never do, I would have shared with you that most of those flights are initiated by Cubans. That would have resolved all of the problems.

Commissioner VON RAAB. Well, I've made an interesting analogy. I don't see the difference between a flight of Libyans carrying a load of plastique coming into the United States and a flight of illegal drugs coming into the country. They're both going to kill people. Interestingly enough, that's one of the arguments.

One of the questions is, "Is flying dope into the United States a violent crime"? Unfortunately it is not classified in the U.S. Code as a violent crime right now.

Mr. PARRIS. But guess who writes the U.S. Code, Mr. Commissioner? We do.

Commissioner VON RAAB. You do, that's right.

Mr. PARRIS. That's why we're asking the questions.

Commissioner VON RAAB. Yes, that might be helpful. I think it's 18 USC 3 or something like that. I'm not quite sure of the citation.

Mr. PARRIS. I was struck with your comments earlier, which I totally share, in which you said there's a lot of ineffective rhetoric taking place at the highest levels among the governmental func-

tionaries of one kind or another, but that isn't stopping the crisis in this nation and the war that we talk about which has been going on and which we're losing. We've got to, in my view, start taking some serious reviews of those kinds of additional activities to stop this stuff. And if we don't do it, in my opinion, we're not doing our responsibilities in a proper way and neither is the balance of the agencies.

Commissioner VON RAAB. I agree with you. The ante must be raised in the war against drugs.

Mr. PARRIS. Thank you.

The CHAIRMAN. The Commission has agreed to take written questions and respond. I want to thank you for staying over your time.

The Chair recognizes Mr. Fauntroy.

Mr. FAUNTROY. Thank you, Mr. Chairman. I do appreciate your indicating that we can submit written questions to Mr. von Raab. I regret that he has to leave, but I'm sure we'll get answers to the questions we've had for him.

Let me just ask Mr. Lawn. You heard Dr. Bailey here, of course, earlier, and you know that allegations of General Noriega's involvement in drug trafficking and in drug money laundering have been made as far back as 15 years ago. These allegations surface periodically in the press, including in June of 1986. And yet, when a DEA representative appeared before both closed and public sessions of this Committee back in '86, they said that DEA had no evidence to support these allegations. I guess my question is, what did DEA do to investigate the serious charges that were made against General Noriega?

Mr. LAWN. As you have indicated, Congressman Fauntroy, we have received information over the years of allegations of corruption on the part of General Noriega and leaders of other countries. When we receive such allegations; we attempt to determine the validity of such allegations. In point of fact, what we look for is someone who is in a position to go into a court, raise his right hand and attest to the validity of that information.

In the case of General Noriega, it was not until a convicted drug trafficker negotiated a plea bargain with the government that we were in a position to have that individual come forward, to raise his right hand and say that he had first-hand information that General Noriega indeed was taking drug trafficking money. And this was in the summer of 1987.

I think it's also interesting to note in hearing Dr. Bailey's comment about this memoranda dated November 1 of 1985. In the recent past, General Gorman, who was in charge of Southern Command, testified before a committee of Congress that as military leader of the Southern Command who had specifically asked about General Noriega's relation to drug trafficking, that over his tour at the Southern Command he never received any information positively linking General Noriega with drug traffickers.

Mr. FAUNTROY. What role did DEA play in the recently concluded process of achieving a Federal indictment on Noriega?

Mr. LAWN. The investigation against General Noriega which resulted in the indictment returned in the Southern District of Florida was indeed a DEA investigation.

Mr. FAUNTROY. I see. So, you provided the basic information on the basis of which the prosecutor proceeded?

Mr. LAWN. Yes, sir. We have an entire group of agents in our Miami Division who had been and are currently assigned to that investigation.

Mr. FAUNTROY. Thank you, Mr. Chairman.

The CHAIRMAN. Okay.

Mr. Oxley?

Mr. OXLEY. Thank you, Mr. Chairman.

First of all, I'd like to submit a few questions for Mr. von Raab.

The CHAIRMAN. Without objection.

Mr. OXLEY. Thank you.

Mr. Lawn, what is the status of the Camarena case in Mexico?

Mr. LAWN. The courts in Los Angeles recently returned an indictment, I believe it was January 6th of 1988. The United States Attorney from Los Angeles has visited with the government of Mexico in order to solicit from them some cooperation on additional evidence which he believes are necessary for the trial to move forward.

Mr. OXLEY. Is it your opinion that the indictments handed down in California was meant to be a spur to the Mexican authorities to prosecute as quickly as possible?

Mr. LAWN. No, sir. That indictment was purely the result of an ongoing massive investigation being conducted by DEA within the United States to determine all of the facts regarding the abduction and murder of our agent in Guadalajara, Mexico.

Mr. OXLEY. How long has it been now?

Mr. LAWN. It was February of 1985 that Camarena was abducted and killed shortly thereafter, three years.

Mr. OXLEY. So you don't see any connection between a three year drag out of this thing in Mexico and the indictment handed down in California?

Mr. LAWN. No, sir, because I have been following the prosecutions or the cases in Mexico with the Attorney General's office in Mexico. The systems of justice are different. The government of Mexico has some 70 individuals in jail and their process is ongoing. We in the United States have difficulty understanding the differences in the processes, but I believe that their process is an ongoing process and that ultimately justice will be done in Mexico.

Mr. OXLEY. When the Committee was in Mexico at least two years ago, probably longer than that, we had a very extensive briefing from then Ambassador Jack Gavin. One of the things that he told us was that there has been a disturbing increase in what he considered and what he typed cocaine trampolining in from Mexico to the United States. Has there been any evidence that that has at least slowed down any or is it still a major source of cocaine coming in from the Medellin Cartel and others?

Mr. LAWN. No, all indications are, Congressman Oxley, that that is continuing and probably is increasing. That is, cocaine transiting through Mexico into the United States.

Mr. OXLEY. So that would lend credence to the Chairman's concern and others and Mr. von Raab, who indicated he saw no evidence of anything improving in Mexico, which would certain make their case stronger, not weaker. Is that correct?

Mr. LAWN. No, sir. I have seen some very strong enforcement action on the part of the Mexican federal judicial police. In point of fact, a week ago outside of Culiacan, Mexico we had developed information about the Colombian cartel using a warehouse outside of Culiacan, Mexico. We provided that information to the Mexican federal judicial police. They immediately responded to that information.

The Mexican federal judicial police and the agents in attendance were met with a severe fire fight. Four Mexican federal police officers were severely wounded. One had his arm shot off by an automatic weapon. They were dragged from the scene by DEA personnel and taken to a hospital. This is only one of six or seven other major encounters that we have seen with our Mexican counterparts.

Mr. OXLEY. Along those same lines, and it's a bit off the subject, but as you know you lost two agents in California recently. Do you find that with the increase not only in drug running and trafficking, but in guns, that you are becoming increasingly outgunned. It appears to me, for example, that in the Washington, D.C. area where the police are now going to nine millimeter Birettas, just as an example of how law enforcement in this country has been increasingly outgunned, the technology has gone far beyond what we're ever used to, are you in a position to react to that and, if so, how have you done so?

Mr. LAWN. Yes, sir, the threat is increasing. Last year, there was a 350 percent increase in threats of violence against DEA personnel. I think that is only a microcosm of what is happening to law enforcement around the country. There are some 120,000 automatic weapons registered in the United States. While I fully honor our constitutional right to have weapons, I have great difficulty in understanding why a citizen would need or want an automatic weapon in his home.

The violence is increasing. We became concerned two years ago. We have changed our training procedures because in times past identifying oneself as a federal law enforcement officer generally would result in a non-violent confrontation. Now, the reverse is true. So we've had to change our training procedures. We've had to change our weaponry, and we in fact are also purchasing newer weapons and increasing our training with those weapons.

Mr. OXLEY. That's also true of the FBI, as I understand. I had occasion to visit Quantico recently and saw some of the changes that the Bureau has made in response to what is happening on the street. Obviously, it's a tough world that we live in today and a much tougher environment for law enforcement than we've ever had before.

Mr. LAWN. Yes, sir. That's absolutely correct.

Mr. OXLEY. We appreciate your coming here today.

Mr. DORNAN. Would the gentleman yield for a second?

Mr. OXLEY. Yes.

Mr. DORNAN. I wanted to ask a follow-up on the Camarena case and make a parliamentary inquiry of the Chair.

Following up on what Mr. Parris says and what all of our witnesses have said today, I think it is clear that we have to increase the level of commitment to this war. I have been told by one of the

witnesses earlier this morning that there is a tape available—I've been trying to find out for three years if the President has heard it, President Reagan—of the torture unto death of DEA agent Rudy Camarena.

I would like to be reinformed as to whether our Select Committee has subpoena power. Does it?

The CHAIRMAN. Yes.

Mr. DORNAN. It does? Then I think it would be good, as it is not available to the public, for every Member of the Congress who is so interested to come to a select committee hearing and hear the tape if, in fact, it does exist.

Have you heard the tape, Mr. Lawn?

Mr. LAWN. Yes, sir, I have.

Mr. DORNAN. Have you heard the tape, Mr. Dion?

Secretary DION. No, sir, I have not.

Mr. DORNAN. It might be good for you to hear it.

Secretary DION. I know it exists.

Mr. DORNAN. Right. Mr. Abrams has heard the tape. He told me he was afraid about releasing it because of the level of anger that would be raised in this country against the government of Mexico. Well, if the government of Mexico is trying, as you say, and its agents are dying in the field, and I've followed that for 11 years of how their young federales die in the field, including helicopters getting shot out of the sky in the late '70s—did your blood pressure go up when you heard Rudy Camarena begging to live so he could raise his children?

Mr. LAWN. Yes, sir.

Mr. DORNAN. Would you recommend that Congressmen listen to this tape to get their level of involvement raised along with their blood pressure?

Mr. LAWN. The tape, sir, has been used by the Grand Jury in California and it's currently in evidence in California.

Mr. DORNAN. Could we follow some subpoena procedure, Mr. Chairman, to get this tape available for Members to sit down and listen to it as Mr. Lawn has had to listen to it?

The CHAIRMAN. Before or after the vote on certification?

Mr. DORNAN. Before the vote on certification because of its relevancy, seriously. That's a good question.

The CHAIRMAN. I certainly will take it up with the Committee.

Mr. DORNAN. I thank you. Thank you.

The CHAIRMAN. Mr. Parris?

Mr. PARRIS. Thank you, Mr. Chairman.

I want to go back to Mr. Dion. You said that this helicopter has been under repair for some time? Those were your words. How long a time?

Secretary DION. About two years, sir.

Mr. PARRIS. So, we're having a crisis in our land. We've declared a war on drugs and it takes two lousy years to repair a helicopter?

Secretary DION. Well, it's more complicated, sir. There are a number of helicopters that have been made available to the Mexican government. There are many helicopters that the Mexican government has bought itself in connection with the eradication campaign. There are over 100 aircraft operating in the Mexican eradication program. Some of these aircraft are available also for inter-

diction operations and some of them, several Cessnas, were made available to the Vanguard Program to fly around in the areas that had been reportedly eradicated and to check on the eradication of marijuana and opium poppies.

But these Cessnas could not land, or at least it was not convenient for them to land. You'd still have to go by car into these remote areas where the eradication was taking place. So, at that time it was requested, and that was in 1985, that the Mexican government make a 212 helicopter available for the Vanguard Program. They promised to do so. They said that they would fix a helicopter that had been damaged in what they called a hard landing some months before and that helicopter has been under repair all that time. It's hard to understand.

Mr. PARRIS. That's a very long answer to a very short problem.

Let me ask one of you gentlemen, Mr. von Raab talked about General Noriega being personally involved in the money laundering enterprise. I serve on the Banking Finance Committee. We adopted legislation a year, year and a half or so ago dealing with money laundering. The United States currency—the dollar is the currency of Panama, of course. It's a banking center in Panama. Is the money laundering legislation we have on the books today just simply not effective? Is that our problem?

Mr. LAWN. If you're speaking about the money laundering in Panama, which I believe you made reference to, beginning in 1982, the government of Panama had told the government of the United States that it would make available banking records on those accounts where we would identify individuals who are involved in drug trafficking.

The position of the government of the United States was that, instead of just a separate agreement on banking, we desired a mutual legal assistance treaty which we now have. Beginning in 1984, we, in cooperation with the government of Panama, began a money laundering operation to determine how much money was actually going through given accounts in Panama. As a result of that investigation, Operation Pisces, over $70 million, $56 million of which was in cash was seized.

In addition, we identified accounts to the government of Panama through which this money was being laundered. I think there were 18 such—I'm sorry, 77 such accounts in 18 banks. The government of Panama looked into these accounts, identified for us other accounts used by these same principals, and seized an additional $12 million. So the government of Panama has new and very effective money laundering legislation.

Mr. PARRIS. Well, Commissioner von Raab suggests that there are large sums of U.S. dollars laundered through Panama, particularly through banks in which General Noriega is alleged to be a principal stockholder. Do you have any information on that?

Mr. LAWN. No, sir, we do not.

Mr. PARRIS. He goes on to say without General Noriega's personal involvement, none of this money laundering could have occurred. Do you know what he meant by that?

Mr. LAWN. No, sir, I do not.

Mr. PARRIS. Well, let me just ask your opinion, Mr. Lawn, in regard to the shoot-down, sink the boats. It seems to me that what

we're doing is simply continuing to debate and massage the problem.

As Mr. Dornan has said, we've got to increase the priority of this thing. We've got to take extreme measures, if that's what's required. When we're getting five percent of what we already identify as illegal vehicular aircraft movements in the Southwest United States, why can't we take some—if we're going to err, why don't we err on the side of some more forceful enforcement procedures if this is, in fact, a crisis which I think all of us agree that it is. I know that you do in your business.

We just simply can't sit here and watch our kids fry their brains anymore. What are we going to do about it? What's your position in regard to that?

Mr. LAWN. Well, sir, certainly it is a crisis. My position is that there are actions which we must take. I favor the mandatory death penalty for drug traffickers when we can show that those traffickers were involved in the killing of citizens, or that those traffickers were involved in the killing of law enforcement personnel. I think we need more prisons. In the Chairman's district, a police officer has stated he has arrested the same trafficker 69 times in the past year. He arrests the trafficker, and the trafficker is immediately released. There is no deterrent. We must have more prisons in order to incarcerate these individuals.

As far as the shooting down of aircraft, I had mentioned in jest to Commissioner von Raab that if such legislation were to be enacted, we certainly should have an oops clause because private citizens not involved in drug trafficking are in jeopardy.

There is a particular case to which I refer. This was a private citizen who was mistakenly identified as a drug trafficker. He was pursued by law enforcement authorities, forced to land and the force of the blast of the helicopter chasing him turned the aircraft upside down. This 68-year-old gentleman survived, but was guilty of nothing other than poor navigational skills.

The CHAIRMAN. Would the gentleman yield?

Mr. PARRIS. Sure.

The CHAIRMAN. Would you support an "oops" clause for the death penalty?

Mr. LAWN. No, sir. I think that our process is such that our system of checks and balances guarantees that those persons who would be eligible for such a penalty are guilty of the crime.

The CHAIRMAN. And you don't think we would have enough scientific knowledge to make that determination in forcing a plane to land?

Mr. LAWN. We certainly didn't have in this case of 30 days ago.

The CHAIRMAN. Well, you do know there are cases that we made mistakes with the death penalty as well.

Mr. LAWN. I'm not familiar with one, sir.

The CHAIRMAN. Not one?

Mr. LAWN. No, sir.

The CHAIRMAN. Fantastic. Good law enforcement officer.

Mr. PARRIS. My time has expired. Thank you.

Mr. LAWN. Yes, sir.

The CHAIRMAN. Mr. Dornan?

Mr. DORNAN. Yes, thank you.

I'm going to pursue with our chairman. I'm going to send out a dear colleague, Mr. Chairman, to ask all 434 Members of the House—we just tragically lost a Member—no, two Members—433 of us, who wants to hear this tape.

I think that this government is capable and our Congress is capable of diverting the first natural reaction of anger against the government of Mexico to let them know that more young Mexicans have been killed or had their arms ripped off by automatic weapons fire than we have lost DEA people.

Thank God for that miracle outside of Medellin a few years ago where they shot one DEA man seven times with a 45 or a nine millimeter, but he survived. I don't know how a man could survive that way, but he did. He walked into a hospital ashen white with more than half of his blood gone and they turned him away. He had to take a bus to another emergency hospital. I remember talking to your station chief down there in Bogota about that case back in 1982, so that must have happened in '81 or early '82.

But, to have DEA agents killed in California—our Chairman has always said that Mrs. Reagan has done journeyman work—is a national tragedy. Nancy Reagan needs to be supported in her claim that people who purchase drugs in this country and drive away in their Porsche, fulfilling that whole yuppie image, are accessories to murder. Maybe if their Congressman or Senator has heard this tape, if not the general public, then maybe that link between murder and supporting the drug trade would be more obvious.

If we have to listen to the gruesome last words of pilots from the black box before a plane hits the ground killing 100 or so civilians, then why not listen to the gruesome tape of the death of one DEA agent who was a dedicated young guy that graduated from his high school class in Congressman Duncan Hunter's district. Rudy Camarena was pumped up and motivated about helping his country against the bad guys and drugs, as all of your DEA agents are.

Wherever I travel in the world, the CIA and the FBI had had their ups and downs and you've had ebbs and flows of morale, but I've never seen people with a higher morale level in any government agency anywhere in the world consistently over the last 12 years as I've seen with DEA agents.

The CHAIRMAN. If the gentleman would yield—I support what you said.

Would you say, Mr. Lawn, that the DEA's morale is as high as indicated by Mr. Dornan in Mexico?

Mr. DORNAN. As of right now.

The CHAIRMAN. As of right now.

Mr. LAWN. No, sir. I would have to say that based on the fact that we do not have the renewals, that is the agent personnel who are assigned are not renewing for another tour in Mexico the way they have in the past, I would have to say that that would be one area where our morale is not as it was when the Congressman described it.

Mr. DORNAN. Because of pushing the Sisyphean stone up the hill. It just keeps rolling back on them.

Mr. LAWN. I would say that that's a good analogy, yes, sir.

Mr. DORNAN. Right. Well, if—just by way of a question here—I know how hard Mr. Dion has applied himself. We first met when

El Salvador was dumped in your lap in March of 1981 after the ambassador was called home and the final offensive of the communists had failed. There you were the chargé, and I came down and the whole city was under curfew. It was all in your lap then. You then continued to—after you set El Salvador on the course toward democracy, Mark, then you went to where, Burma?

Secretary DION. Burma, yes, sir.

Mr. DORNAN. Where you worked this whole issue. Were you the——

Secretary DION. I was the Deputy Chief of Mission.

Mr. DORNAN. DCM over there. Later you ended up eventually at the State Department with this on your back. I've never seen more dedicated people focusing in all these bits and pieces.

I call Mr. von Raab about a problem with one of his dedicated young Vietnam vets in the field, and he worked it as though the guy directly worked under him and he was at the end of the chain of command. I've read your profile in the Style Section. That's hitting the big time here inside the beltway, Jack. I just never have met more dedicated people, including a lot of the members of this Committee, all working this problem. Something has to coalesce. I notice that my candidate for President, George Bush, a great Vice President says "no" to a drug czar Cabinet-level position. I guess it's the name that puts off some people. This Chairman has been hard on it. I'm convinced he's right. All of the Democratic candidates, just one right after the other say, "We think it's great."

Let me ask an opinion. I hope I'm not putting you on the political hot seat. Is this drug problem so severe—to use all the dialogue of Time, Newsweek, all the reporters that work this—if this issue is shredding the fabric of our society, is it not as worthy of a Cabinet position as is the education problem or the energy problem that has been deemed worthy by this Congress of a Cabinet position.

What do you think Mr. Dion—about a Cabinet-level officer, number 14, on the President's Cabinet to work the narcotics issue worldwide?

Secretary DION. Well, I've done this now, Congressman, for about three years. I've heard a lot about the drugs, our idea, and I've looked at how things work now. They're imperfect. Coordination could be better. But, I think we have something like a drug czar in the National Drug Policy Board, which sets policy for the whole government.

I'm afraid that if we've created a Cabinet officer who is above all other Cabinet officers and either took away the people in their departments that worked on narcotics, or tried to go past the government officer and give orders to them, I think you'd have tremendous confusion. I think that's why people who know a lot about the issue have opposed the idea, although I must say on the surface it sounds like a good one to put everything together. But, I don't think it would work.

The CHAIRMAN. Who is this person working full time and coordinating this national effort that you mentioned?

Secretary DION. I didn't say there was. I said that there's a National Drug Policy Board which represents all the Cabinet departments that are involved.

The CHAIRMAN. Who's in charge of that?

Secretary DION. The Attorney General of the United States. He's the Chairman, and the Vice Chairman is the Secretary of Health and Human Services.

The CHAIRMAN. Well, you can't really have the Policy Board working unless you find someone there on a full-time basis in charge of that.

Secretary DION. They have a full-time staff, sir. There's a full-time staff, a very active staff.

The CHAIRMAN. But, that person—would I have any idea who would be the Chief of Staff? Should I know? Should anyone know in the Congress who the Chief of——

Secretary DION. His name is David Pickens. He's worked on narcotics for about 14 years. He's well known in our community.

Mr. DORNAN. Mr. Chairman?

The CHAIRMAN. Yes?

Mr. DORNAN. Let me sneakily extend my time by colloquy with you. I've had DEA people come to my office and say that they go to brief the Cabinet. I had a DEA officer who's now retired come to my office for a letter of recommendation to move somewhere else in the private sector.

I said, "Describe to me how that briefing process works at the cabinet level," and I said, "Who takes the lead?"

He said, "Oh, that's easy, Secretary Bennett. He seems to take over the Cabinet meeting."

And I said, "How does he do it?"

He said, "Well, he asks the President's permission, 'Mr. president, may I ask a few questions here?' " He said he structures his questions logically, directs them towards some sort of action program.

And I said, "How many times have you briefed the Cabinet?"

He says, "Maybe eight, maybe ten times." He said, "Eight for sure."

I said, "How does Shultz react?"

He said, "Frankly, he was never there. It was always Mr. Whitehead, because he was busy traveling, which we want him to do, trying to solve other horrible problems."

I said, "How about Cap Weinberger?"

He said, "Cap Weinberger is very pleased with how the military has responded to drug problems. So he'd never ask a question. He just sat there and he'd listen."

I said, "Well, who else participated?"

He said, "Well, frankly, I only remember Bennett taking charge and the President letting him and asking all these directed questions."

Now, that's Bennett, with an education problem, facing up to how drugs destroys the whole education process and is counterproductive to every nickel we put into education, which is very limited at the federal level, five to seven percent or something.

So, I asked this DEA guy, "Well, would it have been sensible to have somebody sitting there on the Cabinet so that when the President does the round robin, 'How's Defense, how's the Treasury, how's Commerce, how's Labor, how are we doing in Energy, how's Education?' "

"Well, drugs are tearing us apart."

"Well, good, we'll come to our newest member, Mr. Cabinet Officer for Narcotics Control and Abuse. What's happening?"

"Losing the war. Going badly, Mr. President. Tearing us apart. Doing pretty good at Defense."

I don't know gentlemen. I'm just convinced, Mr. Dion that there's got to be somebody who's not just David Pickens that the country doesn't know about, but a Cabinet officer who is occasionally invited on Meet the Press, Face the Nation, Brinkley's This Week and does all the general awareness building programs. You need someone who has heard the tape of Camarena being tortured to death, who has the focus of this country so when Jack Lawn sends one of his guys up there to brief the Cabinet, he is introduced by a Cabinet-level officer for the President of the United States.

Maybe now is the time to strike during this period when columnists are writing that the President's limp is showing and that even if he, through some bad advice vetoed it, I think this Congress would override a veto in both Houses just like that to give this President a 14th Cabinet member.

Thank you for the colloquy, Mr. Chairman.

The CHAIRMAN. Mr. Smith?

Mr. SMITH. Thank you, Mr. Chairman. It took four years to get this one. I wonder how long it would take to get the next one over the objections of almost everybody in this Administration. Concern about drugs wouldn't exist if it wasn't for the persistence of some of the members of this Congress, frankly. I think it's a disgraceful record on which to look back.

Now, Mr. Lawn, you mentioned something very interesting a little while ago vis-a-vis Noriega in Panama. You indicated that General Gorman had testified that no credible evidence was ever submitted to him during all his tenure to solve the problem with reference to actual involvement of Noriega and drugs.

Now, this morning, I wasn't here for Mr. Bailey, but he submitted testimony. In his testimony, he concludes that the only possible reasons or excuses of being ignorant of General Noriega's activities would be because the person involved did not want to know or find out or willfully ignored the overwhelming evidence of Noriega's involvement in these activities.

Now, up until just a few months ago, your agency was writing letters of thank you, giving applause to General Noriega for all his help in the problem of fighting drugs. And you're telling me that your agency was doing that, which we know from our other hearings that General Gorman was not aware of any problems. Yet the overwhelming compendium of evidence is that this man had been involved for any number of years and everyone knew it. It was so almost out in the open that even people that were not involved directly knew it. And yet we're supposed to believe that our own lead agencies didn't have any idea what was going on? Do you think that General Gorman or yourself willfully ignored it or didn't want to find out what was there? It was all over the street.

I'm curious. I ran all these hearings in the Foreign Affairs Committee. I have yet to get an answer directly as to why you wrote those letters supporting General Noriega up until just a few months ago.

I've asked DEA over the years the same question, why nobody in DEA ever said, "We have credible evidence." Nothing. All you did was defend him. All of a sudden, the next day he's an indicted criminal whom everybody now says, "We assumed everybody knew. He's been doing this stuff for years."

How do you account for this gap between your knowledge, General Gorman's knowledge and seemingly what everybody else in the whole world knew?

Mr. LAWN. Let me first, if I could, Congressman Smith, correct a comment you made about our thanking General Noriega for all his help. At no point was a letter ever sent by me or one of my predecessors thanking General Noriega for all his help on narcotics matters. Letters——

Mr. SMITH. Have you seen the letter of February '87?

Mr. LAWN. I beg your pardon, sir. If I could finish.

Mr. SMITH. Yes.

Mr. LAWN. Letters were sent about a specific course of action that the General and the PDF, the Panamanian Defense Forces, took on a particular case. I, for one, generated a letter as a result of Operation Pisces when $70 million was seized and we identified the bank accounts and the PDF took action against those bank accounts. Those were case specific letters. They were never meant to be letters attesting to anyone's character. They were letters specifically generated because of a specific course of action that that individual took.

Mr. SMITH. And Mr. Lawn, you think that a case specific thank you letter to General Noriega in light of the indictment and in light of what was known for years, at least by everybody else, is not going to be misconstrued and that is perfectly acceptable to send a case specific letter because it doesn't just say in general, "Thank you for your support," it says, "Thank you for your support on this case." You think that's all right? You think that the federal government doesn't put itself under a very strange, unusual predicament by doing that?

Mr. LAWN. Congressman, that's five questions you've asked. I'll try to respond to them in order.

Do I think it's all right? I think it's very important when we get positive action from someone on the drug issue that we acknowledge that positive course of action. Is the perception that——

Mr. SMITH. Do you write thank you letters to informants?

Mr. LAWN. General Noriega certainly was not an informant.

Mr. SMITH. No, but you say action on a specific issue. You get action from informants. They give you information which may ultimately lead to the arrest and conviction of somebody. Do you write thank you letters to informants——

Mr. LAWN. No, sir.

Mr. SMITH. They go flashing them around the street saying, "Look what I got from the DEA"?

Mr. LAWN. No, sir, we do better than that. We pay them.

Mr. SMITH. Paying them is one thing. They can't flash that around the street. Letters of support from the DEA are something else entirely, especially in the international community.

Mr. LAWN. The letters in question were, as I say, because of a specific course of action.

If I could take a moment, Congressman Smith, because I think it is pertinent. By memorandum dated January 27th, I received a summary of an agent's analysis of his particular country. I will not identify the country. It is not a Caribbean country.

The summary was this.

> Police corruption is endemic in this country. The government pays extremely low salaries, less than . . . per month and not much more for the generals. So, it is common for most police officers to drive luxury cars, to own multi-million-dollar residences. Corruption is not limited to the police and is, in fact, widespread throughout all government jobs. Furthermore, this is a way of life in this particular country that has been going on for hundreds of years and the general public more or less expects it.

When I received this communication on a particular country, I had a meeting with 15 country attachés representing 15 countries. I read that paragraph. I said, "Does this in any way describe your country?" Each to the man said, "That's exactly what is ongoing in my country."

Where we have a window of opportunity get some cooperation, yes, it is important that we acknowledge that we have received that cooperation.

Mr. SMITH. And you know all those countries that those attachés represented, or practically all of them, have been certified by this administration as fully cooperating on the problem of drugs. You're aware of that, I assume? Correct? Isn't that right?

Mr. LAWN. Almost all of them?

Mr. SMITH. Yes. Except for Panama and Syria and Iran.

Secretary DION. And Afghanistan.

Mr. SMITH. And Afghanistan. Thank you, Mr. Dion.

All the rest have been certified by this Administration as having fully cooperated with the United States. And I got a whole bunch more. But your testimony is almost as eloquent as anything else.

Would you, reading that paragraph, then believe that you could then go ahead, given the rest of the information that both the DEA and the INM and the rest of this government have on all these other countries, that you could certify countries like Panama up until this year, knowing what you knew about Panama?

Mr. LAWN. Knowing what I knew, sir, what I knew was that at any point in dealing with the government of Panama where we requested assistance on drug enforcement issues, that assistance was rendered. At the same time, whenever an allegation was received, we invested that allegation. It wasn't until June 1987 that one of the individuals, who ostensibly had information, decided that he would negotiate a plea bargain and go to court and testify to the information that he had.

Mr. SMITH. So, with all of what General Gorman had at his command, you think that it's an accurate statement as far as he's concerned that he never got any specific information about the drug-related activities of General Noriega?

Mr. LAWN. I certainly believe it's accurate because the General's position was my position. I had not received information that would enable us to go to court with the hope of having a true bill returned.

Mr. SMITH. One other question. You testified just a few minutes ago in response to some questions that Mexico has been cooperating. You've gotten some significant cooperation on different levels.

And yet it's interesting to note that on every question to which there is a specific thrust, airplanes, eradication, Camarena, Cortez, over and over, the answers are all negative. "Well, no, we haven't got cooperation on that. No, they haven't done that. No, they've been poor at that."

Let me read to you a Customs Service opinion:

> The single most important factor which undermines effective and meaningful narcotics cooperation with Mexico is the level of official corruption within the Mexican government. Documented violations by Mexican law enforcement officials are becoming more prevalent. Information gathered to date indicates significant levels of narcotics corruption on the part of Mexican officials.

From the INM:

> Although U.S. anti-narcotic funds to Mexico doubled between fiscal year 1984 and fiscal year 1987, opium production increased by 30 percent, eradication decreased by one-third, marijuana production and eradication remain at 1984 levels. Of more than 75 tons of opium produced in '87, Mexican authorities managed to seize no opium and less than 100 kilos of heroin and to find only four heroin labs.
>
> The U.S. funded air fleet operated only 65 percent of the time and specialized, more efficient planes had to be withdrawn because the Mexicans refused to use them. Mexico refused to grant the United States hot pursuit rights or to allow joint crews on surveillance missions which would overfly both countries.

The Select Committee on Narcotics, this Committee, has had a concern for years. The Foreign Affairs Committee has the task force, which I chair. The task force asked for a GAO report about some of the problems. The GAO faulted the Mexicans for providing unreliable and inadequate information on the narcotics crop eradication base.

The GAO found U.S. funded programs suffer from poor management, shortage of personnel, lack of agreement on basic goals and standards. We don't have any real written agreements any more with Mexico, although we give them money.

As for money laundering, the State Department's own report says:

> Money laundering of narcotics profits through investment in legitimate business is extensive. No data is available on the extent of money laundering because Mexican banks, all but two of which are nationalized, do not provide information to the U.S. on their activities. Hundreds of drug traffickers who are fugitive from U.S. indictments live in Mexico.

You heard what Mr. von Raab had to say. We know about Cortez; we know about Camarena. This year, in what was obviously a very difficult situation for the Administration, the President saw fit to take an unusual step not called for in the certification statutes. That is to accompany the certification with an explanation. Not a national interest certification, but a justification you might call it.

In the justification, this is what the President said:

> Mexico has the capability for far greater achievement in narcotics control. Mexico's effort has not kept pace with the increased flow of drugs and is below the level of efficiency and effect of which it is capable.

On what basis do we continue to do business with these countries, Mr. Lawn? On what basis do you come here and sit down and say, "We're getting cooperation from Mexico"?

On the one or two operational levels when across the board in the totality of things when you weigh and measure full cooperation as is called for in the certification process against the one or two

operational breakthroughs you've achieved, is that how you measure cooperation or do you look in terms of where the balance is, whether it's tipped in our favor or their favor?

Do you weigh the more and more volume of coke, heroin and marijuana coming across the border from Mexico, the non-resolution of the Camarena case, notwithstanding that it's over three years, notwithstanding that their system runs differently than ours?

Do you weigh the Cortez thing where we're having no forward progress? Do you weigh the fact that we've given them 80 aircraft over the last 10 years, not only possession but title and most of them are not flying now, that they refuse to give us overflight? They refuse joint crews; they refuse surveillance; they refuse eradication verification. Endemic corruption is part of their system; that whole parts of their country are under the control of narcotics traffickers and you know where they are?

You issued an order to your people, did you not, to get out of the state and out of the area for a couple of weeks until things cool down? Do you balance that?

How do we come to certifying countries like this which thumb their noses in our face and put our kids at risk, as Mr. Parris was sitting here talking about before?

I want to know from you, Mr. Dion and the State Department and you, Mr. Lawn, how we do that. How do we certify Paraguay? We've got a corrupt dictator. Corrupt to his eyeballs, whose family is involved in drugs that we've documented.

How do you certify Bolivia and Peru which have the most atrocious records of no eradication and huge increases in growth in those countries?

I want to know because I want to go home and tell the kids who ask me about drugs that our government is doing everything it can. I want to be able to tell them that all these countries are cooperating, only I just don't know how to lie anymore. I don't know how to lie because the figures that our own Administration produces give the word "lie" new meaning to the certifications.

Look at the INCSR Report and then tell me that they're fully cooperating. This is a joke and it's a disgrace and everybody in this Committee who gets worked up, I'm glad they get worked up. Some of us deal with it all the time, everyday. Others are doing other things. But when they see this stuff, they can't help but get upset.

I just want to know how we continue to do business with these people, how we give them money. We doubled the budget to Mexico. We're far behind where we were in 1984 and much further behind than where we were in 1980.

Maybe the weight of your couple of operational breakthroughs is more significant than all the things I've just read and said to you. Maybe it is. Tell me that it is and tell me how you arrive at that decision and I'll believe the certification. But, nobody else does. Nobody else does at all, and it's getting to be a joke and they know it.

That's the worse thing of all. They really know that we're all bark and no bite and we don't give a damn what they do. We're just going to continue certifying because somebody else has another agenda to run. We're too worried about their place in the interna-

tional community to worry about all the crap that is filling the bellies of our kids. That's what it boils down to.

So, tell me how you justify the certification, so I can go home and tell them that people that I respect have told me this and I'm going to just overlook everything else that they've printed in all the mandated reports and all the hearings that we asked them to come to. I won't listen to that. I'll only listen to the certification. I can't make the two come together. You understand my problem? I just can't do that. Secretary Dion's familiar with the INCSR. Read the INCSR. How do you then justify anything that we've heard today? This is my problem.

Mr. LAWN. Congressman Smith, we all share those problems. You talked about do we weigh all of those things. We most certainly do weigh all of those things. We also weigh the options. Where we are getting some limited success from a country, our options are two: either to not seek the cooperation of that country, or to seek it as well as we can under current conditions.

Perhaps the option of doing the best we can with those with whom we have to work is the wrong option, but I personally take a negative view of your saying that I am not concerned about the drug issue. That is predominant in my mind. It is my only issue. I am not a politician. I am a law enforcement officer. That is my only issue.

No politician has ever come to me and said, "Don't do this on the enforcement side because you will impact negatively on something else." Because, when I raised my hand 25 years ago, I raised it to protect the law and nothing else.

Mr. SMITH. Well then, may I ask you the pregnant question? Did you, in fact, vote in favor of certification of Mexico or Paraguay or Bolivia or Peru?

Mr. LAWN. I was certainly part of the process in making recommendations. I made recommendations regarding those countries. Some of my recommendations were acted upon, some were not. But, I am part of the process.

Mr. SMITH. Secretary Dion, how about you? How do you reconcile and justify what your own agency prepared on March 1st and submitted to this Congress pursuant to the statutes, as opposed to what the certification said?

Secretary DION. Well, I thank you first of all for saying that the INCSR is a good document. I think you said that. We took a lot of things into account. A lot of work went into writing that. I think most of the statements that are made in there are highly accurate and in some cases very damning.

But then, the question is how do we act on these findings? That's a very sensitive foreign policy decision, because we're dealing with a world of sovereign states. We're not a world empire. We don't give orders to people and say do this or do that. So, we've got to take into account their own internal processes. There is corruption and some of them are deeply involved in narcotics trafficking, and we know it. And I think that there are serious investigations being carried out and some of them have now resulted in an indictment of one person.

But, what are the alternatives? I mean, can we—is this war on drugs going to be a war on other countries? Are we going to take

on other countries and say, "All right, that's it. We're sending the Marines." That's a question the Congress will have to decide. The Congress declares war. All that we can do is reach findings.

Mr. SMITH. This is not a question of either certify them or shoot them. There's a whole range of options available to the President of the United States, and the Congress beyond that. The certification statutes themselves provide for sanctions where there is a decertification: loss of aid, loss of bilateral trade, loss of availability of world bank funds, preferences. I never heard anybody put in the context—I mean, to certify them or to drop a nuke. I mean, that's a little bit much.

As much as I detest drugs, I'm not ready to drop a hydrogen bomb on some of these countries. However, I would like to hear from you whether or not over the past numbers of years—because, I've heard the same argument each year. We talk about countries that I think and others think should be decertified and they're not because of this other foreign policy agenda weather over those past few years.

I mean, these countries have responded positively to our non-use of all these sanctions and said, "Well, you're right. We see the handwriting, and you're being kind to you and we'll help." But, each year the figures in that INCSR report get worse, not better. Growth goes up. Eradication goes down. Corruption gets worse. More kids die there. More kids die here. More people are indicted. None are extradited.

So, where has that benevolence that the United States has shown by working the other foreign policy agenda and not the sanction agenda, where has it gotten us? That's what I'd like to know. I mean, from the Congress' point of view, the historical precedent, the historical context is in fact the thing that we need more than anything else because it gives us an idea of whether our policies have been successful or have not been successful.

Because, in the end, you know what the problem is, Secretary Dion? If we don't do anything at all, then why bother with the certification? Why have a statute? I mean, some would say, "You're right. Take it off the books. It's stupid." Some of us don't think we should take that off the books. We want to know whether they're doing it or not.

But, if we're never ever going to invoke the sanctions by decertifying, then what good is the statute? If that statute is constantly going to be held prisoner by the other foreign policy agenda, whenever are we going to do anything about the drug problem from outside this country?

Secretary DION. Sir, I agree with you. I think that the statute is a very powerful weapon and one that really hasn't been used yet. I think the reason it hasn't been used is because, you know, there have been intense deliberations that many of you would like to know the details of, but the result has been to declare relatively few countries to be noncooperative. You'll notice that most of them are countries that we are at "daggers drawn" with. So, it's relatively easy.

But, I think that that will change. I think that because this is a consuming domestic problem and one that is killing our people, I think that these considerations will come into play and that this

weapon will begin to be used. It's being used against Panama right now.

Mr. SMITH. Well, I thank you for your insight.

Mr. Chairman, you've been very kind and I appreciate your allowing me this time. I just want to say that the next time they ship a kid from 14th Street down to the morgue right here in Washington, I'll be sure to write a note to his family that says, "Sorry, but we have other foreign policy agenda to worry about."

The CHAIRMAN. Well, let me thank both of you.

Secretary Dion, is Ms. Wrobleski's title comparable to Elliott Abrams' title?

Secretary DION. Yes, sir. She's an Assistant Secretary of State.

The CHAIRMAN. Now, we heard testimony from Doctor Bailey which clearly indicated that a nation had to decide, as relates to foreign policy, where its foreign policy is going to be. It has to weigh foreign policy decisions as to how far to go with a country where clearly we're not satisfied with their cooperation. Of course, Panama was what we were talking about.

Without sharing anything attributed to these two assistant secretaries, could you share with us how the process is reached as to what is the priority in terms of dealing with that person or government?

Secretary DION. Well, there's a lengthy interagency process that lies behind the production of the International Narcotics Control Strategy Report. We meet every week for about six weeks prior to its publication once the data begins to come in from the embassies. And the same process is followed in other work on the certifications which derive from the Strategy Report itself.

Ultimately, in this year's case, there was a meeting of the National Drug Policy Board where many of these issues were hammered out. I don't think that that's revealing anything that went into the decisions themselves, merely that the top agency of the U.S. government that works on narcotics control who reviewed the certification process before the President reached his final decision.

The CHAIRMAN. What I meant was that if you knew that you were dealing with a drug trafficker and you wanted to have that person exposed and he was the head of a government and yet you knew that that same person was cooperating with Elliott Abrams, how would those two issues merge? I mean——

Secretary DION. Well, I think again this would be within the U.S. government. I mean, there would be the opportunity for the bureau or agency that had discovered this information to bring it to the attention of the rest of the government and to debate it out.

We've heard many discussions here of allegations that are made against many chiefs of state right now, people against whom there's no compelling case. There's no evidence to take into court. But, if we said, "Well, there are enough rumors around. Let's break relations with so and so."

The CHAIRMAN. So, you are really satisfied that the indictment of Noriega now is sufficient for you to take a new look at your foreign policy priorities as him being involved with drug trafficking?

Secretary DION. I think that that has been a highly significant event. Yes; sir, I think that's right.

The CHAIRMAN. And this is far more important than any intelligence that has been shared with you in your position in the State Department by the CIA, by the DEA; by the National Security Council, all of these things which you call allegations but I call intelligence information that indicated that you're dealing with a corrupt drug trafficker, money laundering, gun smuggling, two-timing crook? All of these things did not have any bearing on your foreign policy relationships with him, but it was only that indictment in the Southern District of Florida that would cause the State Department to take another look at it?

Secretary DION. No. I think that that was one of the important events, but I think that there has been a growing conviction that the situation in Panama is very, very serious and that these allegations were increasing constantly. And then, when we saw that in fact there was a court case, there was evidence to bring a case to court, I think that that resulted——

The CHAIRMAN. I don't understand all this evidence to take a case to court. I'm not going to ask—I will ask. How many dismissals do you know of in your career of DEA's cases that have been taken to court? What's the big deal about taking to court? Take him to a grand jury. The DEA goes there and he presents the case. It only means that standing alone the grand jurors believe that the guy's guilty. It doesn't mean he is. It doesn't mean anything. The judge can look at it and say, "I throw it out," without even a defendant protesting it could be thrown out.

I just don't understand how people who are part of the Executive Branch, that intelligence is given to you and no one pays it any attention. I don't have to remind you of your testimony before this committee specifically as relates to Noriega. Everyone says, "Ah, they've always made allegations. Listen, everyone says that about him.' But, it was only when a grand jury acted that now—you know.

Then, of course, the Commander in Chief, you know his respect for grand jury indictments. I mean, they're nothing. He just throws it away, dismisses it.

Mr. LAWN. Mr. Chairman, you know as a prosecutor, you can get all kinds of hearsay. But, what one needs is for someone to raise his right hand and glue the hearsay together.

The CHAIRMAN. I'm telling you that I am not talking about hearsay. I'm talking about that high quality sophisticated intelligence that keeps my country free of a communist invasion. Because, we gather this stuff. We've got agents all over the world. I'm not talking about some bum that's been kicked out by Noriega saying that, "That guy is crooked." I think we've got that now in a grand jury.

But, both of you keep saying that you had no evidence at all that this guy—no corroborated evidence that this guy was a drug trafficker until he was indicted in Florida, which says a lot about the Southern District of Florida, you know.

Mr. SMITH. Pacesetters.

The CHAIRMAN. It would make us want to take all of the international information that we have to the Southern District. It hurts me, not because of Noriega, but if that is the quality of our intelligence that would cause an Assistant Secretary of State, his deputy, two assistants, the Head of the Drug Enforcement Administration,

to dismiss, and yet, two bums can stagger into a grand jury and they indict and then all of a sudden we say; "Just what we needed. Let's get rid of him. He has to leave the country. We don't care who takes his place. It cannot be worse. Strike out the checks we've paid to this guy. That did it. Out you go."

Secretary DION. Well, there's a lesson there, sir, I think, for others who are involved.

The CHAIRMAN. Well, are you a lawyer?

Secretary DION. No, sir, I'm not.

The CHAIRMAN. God bless you.

Secretary DION. Worse, I'm a diplomat.

The CHAIRMAN. God bless you. Because, if you were, you would have known that when that man was indicted in the Southern District that there was no law or treaty that we had then or we have now that would cause the Justice Department to believe that he would ever go to trial. I don't know, but I always thought when you used the government bucks to get an indictment that the indictment meant nothing until that defendant was brought to trial, cloaked with the veil of innocence, and brought before a jury of his peers.

If you were a lawyer, because I can understand the political statement that would be issued by the Southern District, I would ask you who are Noriega's peers and how did you intend to get him to trial? But, I don't think that was the object of the indictment. The object was to say, "That's what we needed. Let's get on with the getting him to Spain and negotiating his exile."

Like I said earlier, I don't mind whatever you guys do to get rid of people, but using the criminal justice system for him, it bothers me. Because it might be an American next that we might do the same thing for. You know, "Leave the country and we'll drop the charges."

Mr. LAWN. Mr. Chairman, if I may say, in the case of General Noriega that was not unique. We have indicted persons in the past and in fact have had individuals who were indicted, foreign nationals who were indicted return to the United States to stand trial. We're talking about Panama. In the past seven years, the government of Panama has returned to us more than 30 individuals who were indicted in U.S. courts.

The CHAIRMAN. You've indicted the head of the damn government and you're telling me you expected him to come and surrender to stand trial?

Mr. LAWN. No, sir, I did not.

The CHAIRMAN. I'm talking about him. I'm talking about the de facto head of state. Here's the DA preparing his case, getting his opening to the jury ready. You know, the guy's indicted.

Mr. LAWN. I dare say, Mr. Chairman, with the recent information that we received, had we not gone forward with an indictment, I would be sitting here answering questions as to why, if we had information which we believed would return a true bill, we didn't act upon it.

The CHAIRMAN. Well, I tell you one thing. You have been asked a question as to why you did not know this information that could have led to a grand jury indictment. The question has been raised as to whether or not your statements in support of specific conduct

in drug enforcement by Noriega would not be the proper subject of a character support for Noriega.

In other words, there is nothing said by you as opposed to the great work done by your agents that would allow me to believe we got the right man.

Mr. LAWN. Except for the fact that it was our investigation that was the basis for that indictment.

The CHAIRMAN. But, that indictment was started by your people in June of 1987.

Mr. LAWN. No, sir. We began gathering information and trying to come up with a witness long before 1987. As I mentioned, it was not until a plea bargain was negotiated with the pilot, the convicted pilot where we finally found an individual that was willing to go into court.

The CHAIRMAN. You notice I was picking on the diplomat and not the lawyer before. Now, we didn't want to get involved in all of this, but when do you think that this case of Noriega went to the grand jury in the Southern District? What time frame?

Mr. LAWN. What time frame? The plea bargain of Carlton Caceres was initiated, I think, in June of 1987. But, prior to June of 1987, we had an on-going investigation of Noriega. When that investigation——

The CHAIRMAN. June of 1987 somebody in the DEA thought that they had the corroboration that was necessary to take this case to a grand jury? Is that correct?

Mr. LAWN. In June of 1987, Carlton Caceres negotiated a plea bargain with the U.S. attorney in Miami, who we believe was critical to our case.

The CHAIRMAN. And it was in June of 1987 that you were in my office specifically lauding the Panamanian government for their cooperation with your office in the area of international drug trafficking.

Mr. LAWN. No, sir. On June 2nd of 1987, I met with you and other officials of the Department of Justice, to specifically address with you Operation Pisces, which had recently been concluded. It was concluded in May of 1987.

The CHAIRMAN. And the Attorney General of Panama was present.

Mr. LAWN. Yes, sir.

The CHAIRMAN. And the de facto head of that government was Noriega?

Mr. LAWN. Yes, sir, that's right.

The CHAIRMAN. And so, I was allowed to believe by Steve Trott, the Panamanian Attorney General, that Operation Pisces could not have been successful had it not been for the specific help given to you by General Noriega?

Mr. LAWN. That's right, sir.

The CHAIRMAN. The subject of a grand jury indictment?

Mr. LAWN. No, sir. I was not clairvoyant at that time, Mr. Chairman. I was not aware that Carlton Caceres would volunteer to the U.S. attorney that he would become a witness for the government.

The CHAIRMAN. Okay.

Mr. LAWN. That was the end of June, 28 days after you and I met.

The CHAIRMAN. I see. Then, it was the same month, and the DEA agents—I don't have any problem with indicting the guy. I just have a problem with your agency and the State Department not having better information than that Southern District grand jury.

And it's not about Noriega. It has a lot to do with the quality of intelligence we have out here. Why couldn't you throw a controlled buy on the guy?

Mr. LAWN. If we had had the opportunity, we have done it before and we'll certainly do it again. It is a viable investigative technique, and if we could have done it I'm sure we would have.

Certainly, I share your concern about Dr. Bailey's saying that Dr. Carlton Turner was aware of this over the years. I met, if not weekly, certainly monthly, with Dr. Turner. I have not received, or had not received one piece of information from Dr. Turner or his office on corruption in Panama. Indeed, I did not receive any information from the intelligence community on corruption of General Noriega.

The CHAIRMAN. And finally, Mr. Secretary, as relates to the efforts to get arms to the Contras in Nicaragua, would your office have any information as to whether or not convicted drug traffickers were used as a vehicle to reach that objective?

Secretary DION. I have no such information, sir. I've seen some newspaper stories, and I gather that there was an investigation being conducted by Senator Kerry on the subject of the Contra's funding——

The CHAIRMAN. No. I'm talking about intelligence, because the last newspaper story I shared with you led to an indictment. All right? So, that's pretty good information, these newspaper stories.

But, you don't have any separate intelligence where someone would tell you that another part of government, you know, "Watch out," because you would have a chance to warn them that you're dealing with people that we've got dossiers on, or bad people that we have information that they traffic in drugs, or——

Secretary DION. No, sir.

The CHAIRMAN. And you wouldn't either, Mr. Lawn?

Mr. LAWN. Yes, sir, we would certainly receive that information.

The CHAIRMAN. No. I'm saying that if indeed there was some covert national security priority objective to get guns and arms to certain people in Central America, and then through our intelligence you would find that some of the people that were involved in getting those arms over there, that their planes or that they were involved in other illegal activities, that did not come up in terms of the Contra support team from DEA or the State Department——

Mr. LAWN. No, sir.

The CHAIRMAN [continuing]. Where you had any information at all?

Mr. LAWN. No, sir. I have no information at all of that happening.

Secretary DION. Nor do I.

The CHAIRMAN. Well, thank you very much.

Mr. Dornan, that's it.

Mr. DORNAN. No, I have no more questions, Mr. Chairman, thank you.

The CHAIRMAN. Mr. Smith?

Mr. SMITH. No, thank you.
[Whereupon, at 1:20 p.m., the select committee was adjourned.]
[The prepared statements and submissions for the record follow:]

OPENING STATEMENT

OF

THE HONORABLE CHARLES B. RANGEL

CHAIRMAN

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

HEARINGS ON

# U.S. FOREIGN POLICY AND INTERNATIONAL NARCOTICS CONTROL

Tuesday, March 29, 1988

GOOD MORNING.

TODAY THE SELECT COMMITTEE CONTINUES THE INQUIRY WE BEGAN TWO WEEKS AGO TO EXAMINE THE ROLE OF INTERNATIONAL NARCOTICS CONCERNS IN U.S. FOREIGN POLICY.

OUR WITNESSES INCLUDE REPRESENTATIVES FROM THE STATE DEPARTMENT, THE DRUG ENFORCEMENT ADMINISTRATION AND THE U.S. CUSTOMS SERVICE, AND A FORMER SENIOR STAFF MEMBER OF THE NATIONAL SECURITY COUNCIL.

IN RECENT WEEKS, FEDERAL GRAND JURIES IN FLORIDA HAVE RETURNED INDICTMENTS ON A VARIETY OF DRUG-RELATED CHARGES AGAINST GENERAL MANUEL NORIEGA, THE DE FACTO DICTATOR OF PANAMA, AND COLONEL JEAN-CLAUDE PAUL, A POWERFUL HAITIAN MILITARY OFFICER.

ALLEGATIONS ALSO HAVE BEEN REPORTED IN RECENT MONTHS THAT HIGH RANKING HONDURAN OFFICIALS ARE INVOLVED IN DRUG TRAFFICKING OPERATIONS, AND CHARGES OF WIDESPREAD DRUG CORRUPTION IN THE BAHAMIAN GOVERNMENT, UP TO AND INCLUDING PRIME MINISTER PINDLING, REPEATEDLY ARISE. DRUG CORRUPTION ALSO APPEARS TO BE ENDEMIC IN MEXICO. SIGNIFICANTLY HAMPERING NARCOTICS CONTROL EFFORTS THERE.

YET, WITH THE EXCEPTION OF PANAMA, THE UNITED STATES IS CONDUCTING "BUSINESS AS USUAL" WITH ALL THESE GOVERNMENTS. OUR SPLIT WITH NORIEGA CAME ABOUT ONLY LAST SUMMER IN REACTION TO

GROWING DISSATIFICATION IN PANAMA WITH NORIEGA, NOT BECAUSE OF ANY APPARENT U.S. CONCERN OVER HIS ALLEGED NARCOTICS ACTIVITIES.

LESS THAN TWO YEARS AGO, THE NEW YORK TIMES DETAILED EXTENSIVE ALLEGATIONS THAT GENERAL NORIEGA WAS DEEPLY INVOLVED IN DRUG TRAFFICKING TO THE UNITED STATES AND OTHER ILLEGAL ACTIVITIES. AT THAT TIME, STATE, DEA AND CUSTOMS REPRESENTATIVES TESTIFIED BEFORE THE SELECT COMMITTEE THAT THERE WAS NO EVIDENCE SUBSTANTIATING NORIEGA'S INVOLVEMENT.

MOREOVER, THEY SAID IMPORTANT U.S. INTERESTS DEMANDED THAT OUR GOVERNMENT WORK CLOSELY WITH PANAMA. WHAT WERE THESE "IMPORTANT" INTERESTS? NARCOTICS CONTROL, FOR ONE.

LESS THAN A YEAR AGO, DEA ADMINISTRATOR JOHN LAWN AND OTHER HIGH-RANKING ADMINISTRATION DRUG ENFORCEMENT OFFICIALS ESCORTED THE AMBASSADOR AND ATTORNEY GENERAL OF PANAMA TO MY OFFICE IN THIS BUILDING AND ASKED ME TO PUBLICLY ENDORSE PANAMA FOR ITS COOPERATION WITH THE UNITED STATES ON ANTI-DRUG EFFORTS. NOW, WE ARE TOLD THAT DEA'S INVESTIGATIONS LED TO NORIEGA'S INDICTMENT.

ALL OF THIS RAISES A NUMBER OF SERIOUS QUESTIONS ABOUT OUR FOREIGN POLICY AND THE ROLE OF NARCOTICS CONTROL CONCERNS IN THE CONDUCT OF OUR FOREIGN AFFAIRS.

IN THE CASE OF GENERAL NORIEGA, WHY DID OUR GOVERNMENT IGNORE OR OVERLOOK THE SERIOUS ALLEGATIONS AGAINST HIM FOR SO LONG? WILL THE DRUG INDICTMENTS AGAINST NORIEGA BE PURSUED, OR WILL OUR GOVERNMENT SET ASIDE THESE CHARGES TO FACILITATE HIS EXILE TO A SAFE HAVEN?

HOW IS OUR GOVERNMENT RESPONDING TO THE ALLEGATIONS OF DRUG CORRUPTION AGAINST HAITIAN, HONDURAN, BAHAMIAN AND MEXICAN OFFICIALS? WILL WE SEEK THE EXTRADITION OF COLONEL PAUL?

WHO IS IN CHARGE OF OUR FOREIGN POLICY? WHAT IS THE PRIORITY OF NARCOTICS CONTROL IN OUR DEALINGS WITH FOREIGN GOVERNMENTS? ARE DRUG ENFORCEMENT EFFORTS BEING SUBORDINATED TO "HIGHER" FOREIGN POLICY CONCERNS? WHAT ARE THESE "HIGHER" CONCERNS?

THE BOTTOM LINE IS WE WANT TO KNOW WHAT IS GOING ON. TO DATE, NO ONE FROM THE ADMINISTRATION HAS COME FORWARD TO ALLAY CONGRESSIONAL CONCERNS THAT OUR GOVERNMENT ROUTINELY CONDUCTS "BUSINESS AS USUAL" WITH FOREIGN GOVERNMENTS ENGAGED IN DRUG TRAFFICKING OR THAT THE NARCOTICS CONTROL EFFORTS BY CERTAIN AGENCIES OF OUR GOVERNMENT ARE BEING UNDERMINED BY OTHER PARTS OF OUR GOVERNMENT.

WE ARE ALL PART OF ONE GOVERNMENT, AND IT IS TIME FOR OUR GOVERNMENT TO COME FORWARD AND STATE CATEGORICALLY WHAT OUR POLICY IS. WE HOPE TO START GETTING SOME OF THE ANSWERS TO THESE QUESTIONS TODAY.

**March 29, 1988**
**Statement of Congressman Benjamin A. Gilman**
**House Select Committee On Narcotics Abuse and Control**
**Hearing on U.S. Foreign Policy and International Narcotics Control**

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WE HAVE KNOWN FOR MANY YEARS OF THE PROBLEMS CAUSED BY THE PRODUCTION, TRAFFICKING AND CONSUMPTION OF ILLICIT DRUGS. THIS COMMITTEE WAS ESTABLISHED OVER A DECADE AGO "TO CONDUCT CONTINUING OVERSIGHT AND REVIEW OF THE PROBLEMS OF NARCOTICS..." BACK THEN IT WAS HOPED THAT WE COULD SOON GET OUR DRUG PROBLEM UNDER CONTROL. HOWEVER TODAY, IN SPITE OF THE HARD WORK BY THE MANY COURAGEOUS PERSONNEL OUT IN THE FIELD, THE SITUATION IS FAR WORSE. OUR INTERNATIONAL NARCOTICS CONTROL POLICY IS IN DIRE NEED OF OVERSIGHT AND REVIEW.

"CRISIS" IS A WORD OFTEN TOSSED AROUND IN THIS TOWN. BUT TODAY THE WORD IS DEAD ON TARGET TO DESCRIBE THE STATE OF OUR WAR AGAINST DRUGS.

IN RECENT MONTHS THE PARADE OF REVELATIONS AND ALLEGATIONS RELATING TO NARCOTICS ISSUES HAS BEEN DEEPLY DISTURBING. GENERAL NORIEGA OF PANAMA AND COLONEL PAUL OF HAITI HAVE BEEN INDICTED FOR MONEY LAUNDERING AND DRUG TRAFFICKING. THERE HAVE BEEN SERIOUS ALLEGATIONS OF GOVERNMENT CORRUPTION IN HONDURAS, THE BAHAMAS AND MEXICO.

COLOMBIA IS BEING HELD HOSTAGE BY THE DRUG TRAFFICKERS WHO HAVE MURDERED THE ATTORNEY GENERAL AS WELL AS MANY OTHER JUDGES,

LAW ENFORCEMENT PERSONEL AND INNOCENT BYSTANDERS. THE GOVERNMENTS OF PERU AND BOLIVIA ARE BEING UNDERMINED BY THE CORRUPTION AND TERRORISM WHICH THE TRAFFICKERS BRING WITH THEM WHEREVER THEY OPERATE.

WHAT PART OF THE WORLD WILL NEXT FALL VICTIM TO NARCO-TERRORISM, NARCO-CORRUPTION, OR NARCO-MILITARISM? LIKE A CANCER THAT IS OUT OF CONTROL, NARCOTICS ARE EATING AWAY AT THE FABRIC OF OUR SOCIETIES AND OUR NEIGHBORHOODS.

ON OUR STREETS, EVEN IN OUR NATION'S CAPITAL, DRUG-RELATED VIOLENCE CONTINUES TO ESCALATE. TEENAGE GANGS DEAL IN DRUGS WHILE THEY FIGHT THEIR RIVALS OVER LOCAL TURF. MEANWHILE MORE AND MORE OF OUR CITIZENS FALL VICTIM TO DRUG ABUSE. THEY ARE LOSING CONTROL OF THEIR LIVES AS THEIR PARENTS AND FRIENDS LOOK ON, WONDERING WHAT THEY CAN DO AND HOW THINGS COULD POSSIBLY GET WORSE.

ILLICIT DRUGS ARE A DISEASE THAT HAS LEFT FEW NATIONS UNTOUCHED. WE MAY NEVER FIND A SUREFIRE CURE FOR THIS VIRUS, BUT WE CERTAINLY MUST DO A BETTER JOB COMBATTING THE SYMPTOMS AND INCREASING OUR CITIZENS RESISTANCE TO THIS INSIDIOUS INFECTION.

I HOPE THAT OUR WITNESSES WILL CANDIDLY INFORM US HOW OUR NATION CAN DEVELOP AND IMPLEMENT A DRUG STRATEGY THAT WILL EFFECTIVELY COMBAT ILLICIT NARCOTICS. THE DRUG TRAFFICKERS REAP

AN ESTIMATED 130 BILLION DOLLARS FROM THEIR SORDID TRANSACTIONS. THEY DISTRIBUTE THEIR POISON ALL OVER THE WORLD AND DESTROY THE LIVES OF THOUSANDS OF PEOPLE.

TODAY WE HAVE BEFORE US A PANEL OF WITNESSES WHO ARE INTIMATELY FAMILIAR WITH THE PROBLEMS AND CHALLENGES WE FACE IN THE NARCOTICS AREA. WE LOOK TO THEM FOR INSIGHT INTO WHAT IS REALLY GOING ON AND WE LOOK TO THEM FOR A STRATEGY TO IMPROVE THE SITUATION.

I LOOK FORWARD TO TODAY'S TESTIMONY. THANK YOU MR. CHAIRMAN.

Opening Statement
The Honorable Walter E. Fauntroy (D-D.C.)
Hearing of the
Select Committee on Narcotics Abuse and Control
"U.S. Foreign Policy and International Narcotics Control-
Panama, Haiti, Mexico and Honduras"
Tuesday, March 29, 1988
9:30 A.M. B-318 Rayburn HOB

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Mr. Chairman, let me again thank you for continuing with the Committee's focus on the supply side of the narcotics situation, particularly the production and trans-shipment centered in Central America and the Caribbean.

We know that the cocaine and marijuana that is posing a threat to our national security do not grow on the streets of our cities and suburbs where they are being sold. These forms of chemical warfare are brought here by means of a system set up by Drug Cartels of such wealth that they literally control nations, armies, judges and prosecutors and so vicious that they will destroy any one who seeks to interfere with their illegal traffic in death dealing drugs. In some countries, it appears that top political and/ or military leadership is directly involved. Such a situation, obviously means that the political will to combat the production and shipment of narcotics is missing. In some countries the implication is that the very people we are involved with diplomatically may be part of the national security problem

posed by the Drug Cartels.

As I stated in our earlier hearing, my colleagues and I serving on the Congressional Task Force on Haiti have been viewing painfully the movement of Haiti to the status of a major logistical base for the narcotics trade. We are all aware of the indictment of Colonel Jean Claude Paul, the commander of the Cassernes Dessalines Battalion. However, it is alleged that others in the military and political structure of Haiti, from top to bottom, have become involved in the narcotics trade. Haiti like Panama appears to offer an instructive and frightening example of the contradiction that, perhaps, some of the very leadership we depend upon for cooperation are themselves in the service of the Drug Cartels.

With the above in mind, it is requested that correspondence I have received regarding the activities of Colonel Jean Claude Paul from a Haitian business, Hamarex (Haitian Marine Exploration, S.A.) be included in the record.

I am most anxious to hear the views of the distinguished witnesses before us today. The recommendations our witnesses may wish to offer to reform the conduct of our foreign policy in the face of the Drug Cartels are of paramount concern.

# TESTIMONY BEFORE THE SELECT COMMITTEE

## On Narcotics Abuse and Control

U.S. House of Representatives

March 29, 1988

by

Dr. Norman A. Bailey
Economic Consultant
Formerly Special Assistant
to the President for
National Security Affairs,

and Senior Director of
International Economic Affairs,
The National Security Council

Mr. Chairman, members of the committee, I appreciate the opportunity to testify this morning on the involvement of the Panama Defense Forces and their commander, General Manuel Antonio Noriega currently and for many years in the past in activities which represent and have represented a clear, unquestionable and obvious multiple threat to the national security in a narrow sense and the national interests in a broader sense, of the United States of America.

It is also a story of how clear and incontrovertible evidence was at best ignored and at worst hidden and denied by many different agencies and departments of the government of the United States in such a way as to provide cover and protection for these activities while at the same time assuring that they did the maximum damage to those very interests that the officials involved were sworn to uphold and defend.

In March of 1981 I was appointed to the position of Director of Planning on the staff of the National Security Council, eventually becoming Special Assistant to the President for National Security Affairs and Senior Director of International Economic Affairs. I resigned from the NSC

as of October 31, 1983, but remained as a consultant to the Council for six months thereafter. In connection with my duties and in collaboration with the White House Office of Drug Enforcement, then headed by Dr. Carleton Turner, whom I cannot praise highly enough as an individual and public official who at no time lost sight of the true interests of the country, I attempted to trace movements of large quantities of cash around the world, on the justified assumption that such movements were the result of criminal activities of one kind or another, since non-criminal payments of any size are almost exclusively made by check or electronic transfer.

I discovered that the National Bank of Panama returns hundreds of millions of dollars in banknotes to the Federal Reserve every year, obviously the result of criminal activity, and this led me to examine what those activities might be. My search led me to a trail of startling length and breadth. Since at least the mid-1970's (my investigation did not go farther back than that), the Panama Defense Forces (formerly the National Guard) and its high officials have been extensively and directly engaged in, or engaged in aiding and abetting, activities in the following fields, all inimical to the national interests of the United States:

Drug trafficking, including loading and unloading ships and planes and acting as host to meetings of drug barons from elsewhere in Latin America, and facilitating the movement of ships and planes using Panama as a trans-shipment point.

- Gun running, to the Sandinistas, the Contras, the Salvadorean guerrillas, the M-19 and FARC in Colombia, and anyone else who could pay for these services.

- Technology transfer to the Soviet Bloc and circumvention of the embargo on trade with Cuba and the Sandinistas.

- Money laundering in conjunction with all the above activities through the extensive banking facilities available in the Republic.

In order to facilitate these activities the PDF has gradually taken over more and more of the governmental functions ordinarily performed by civilians, until by now Panama is by far the most highly militarized country in the Western Hemisphere, much more so than Cuba for example, or Chile. Attached to this Testimony is a document detailing all the functions controlled by the PDF as well as a summary of the Panamanian budget for 1968, the year of the military

coup which ended Panamian democracy and brought General Omar Torrijos to power, and the last year the budget of the National Guard was published.

The current military dictator of Panama, Noriega, was a protégé of Torrijos and for many years served as his Chief of Intelligence (G-2). After Torrijos' accidental death Noriega became Deputy Commander of the PDF under General Paredes and then Commander. Both his predecessor and his former deputy, Colonel Díaz Herrera, have recently detailed and corroborated all the facts detailed in this Testimony and much more. In addition to involvement in all the activities outlined above, Noriega has been personally involved in at least two others:

- He has been for many years first a double agent working simultaneously for Castro and the CIA, and later a triple agent, working also for the Sandinistas.
- Murder, having ordered the assassination of Dr. Hugo Spadafora in September of 1985, reportedly upon the orders of the drug barons of South America, who are reported to have met with him in Cuzco, Peru, in the summer of 1985. It is not known if the beheading of Dr. Spadafora was Noriega's idea or that of the PDF soldiers who carried out his orders.

All of the above only touched the surface of the

activities of the PDF and Noriega for the past decade and a half at least. Available to me as an official of the NSC and available to any authorized official of the U.S. government is a plethora of human intelligence, electronic intercepts and satellite and overflight photography that taken together constitute not a "smoking gun" but rather a twenty-one cannon barrage of evidence. Obviously I have none of this documentation with me, but I would like to refer to an unclassified but official Memorandum of the United States Command in Panama, dated 1 November 1985, attached. Paragraph 7 of that document reads in part: "... the leadership of PDF disregards human rights, is often arbitrary, high-handed, and is involved in illegal activities (e.g. drugs). The U.S. government is aware of this situation..." Indeed it was and is, and for a long time, complete with names of companies, banks, individuals, etc. in excruciating detail. The only possible reasons or excuse for being ignorant of it would be because the person involved did not want to know or find out or willfully ignored the overwhelming evidence.

I should point out that the same information, although not in the same detail, has been available to anyone who can read the newspapers, at least in the series in the Hearst newspapers by Knut Royce in 1985 and the series in the New York Times by Seymour Hersh in 1986. They are both very accurate. I myself have on various occasions challenged the government of Panama, the Panamanian Embassy or the PDF to sue me for libel or calumny, so that I can demand the

release of the relevant classified documents. This challenge was never responded to for obvious reasons.

It saddens me to think that for reasons deemed good and sufficient, Democratic and Republican administrations, liberal and conservative administrations, career officials and political appointees have all conspired for years to protect and abet a group of despicable international outlaws. While we were bombing Libya we were using and apparently paying officials of an army and a government in this Hemisphere as corrupt and as dangerous to the national interests of the United States as any in the world. How appropriately ironic that when the U.S. government finally turned against Noriega and the PDF, at least fifteen years late, the dictator in his desperation turned to the Libyans to bail him out financially, offering them a training ground for terrorists in return. How ironic also that the Libyans didn't trust him enough to accept.

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Law No. 20, Sept. 29, 1983
(passed at dawn)

1) The following departments are assigned to the Defense Forces of the Republic of Panama (FDP) in accordance to Article One of Statute 20 of Sept. 29, 1983:

a) National Guard
b) Panama's Air Force
c) Panama's Naval Force
d) Defense Force of the Panama Canal
e) Police Force
f) Traffic Department
g) National Investigation Department
h) Migration Dept.
i) Any other department similar in nature to the preceding ones which may be created by law.

2) Also under the Administration of members of the Defense Forces are:

a) National Passport Dept. (Assigned by law to the MInistry of Government and Justice) - Captain Temístocles Duarte.
b) Civil Aeronautics Administration (autonomous). - Mayor Pascual González.
c) Renewable Resources Administration (assigned by law to the Ministry of Agriculture). - Lt. Colonel Rogelio Alba.
d) Executive Bureau of matters relating to the Panama Canal Treaty. (Assigned by law to the Ministry of Foreign Relations). - Retired Colonel Armando Contreras.
e) Bureau of Students Relations (assigned by law to the Ministry of Education) Cap. Lt. Luzgardis de Shubert.
f) Geographic Institute Tomy Guardia[illegible].
g) National Railroads - Mayor Fernando Quezada.
h) Executive Bureau for Treaty Affairs. DEPAT. Cof.
i) Forest Rangers. Cof.

| | 1968 | % | 1985 | % |
|---|---|---|---|---|
| TOTAL (National Budget) | $130,036,668 | | 1,562,493,600 | |
| MINISTRY OF EDUCATION | $ 29,127,169 | 22.4% | (**) 240,637,400 | 15.4% |
| NATIONAL GUARD | (*) $ 9,237,723 | 7.1% | (***) | |

(*) The budget for Defense, National Security and Maintenance of Public Order here specified is included within the budget assigned to the Ministry of Government and Justice, and represents the 57.79% of said Ministry's budget of $15,985,722.oo.

(**) This represents the total sum assigned to the Ministry of Education $240,637,400.oo.

(***) Not withstanding that the FDP (Fuerzas de Defensa de Panama, formerly National Guard) were created on Sept. 29, 1983 as an autonomous entity of the Central Government, its budget has not appeard within the National Budget since 1969.

Note: As of Dec. 16, 1985, 10 Million more are added to the FDP's budget, for next year.

DEPARTMENT OF DEFENSE
UNITED STATES SOUTHERN COMMAND
QUARRY HEIGHTS, PANAMA

1 November 1985

MEMORANDUM FOR DIRECTOR, J5

SUBJECT: Preliminary Assessment of the Applicability and Utility of a U.S. Policy of Systemic Change for Panama

1. Enclosure 1 ("'Systemic Change' as a Component of U.S. Foreign Policy" by Victor Basiuk) proposes that the concept of systemic change be institutionalized in the U.S. Department of State and comprehensively incorporated in U.S. foreign policy as a means for enhancing U.S. national security and economic vitality. The paper focuses on the mid- to long-range benefits of the application of the concept. This memorandum examines the applicability and utility of systemic change within the context of a small, yet strategically important, country - Panama. It is based on interviews with a number of individuals in USSOUTHCOM, the American Embassy and the USAID Mission. Enclosure 2 contains the names of the individuals interviewed.

2. A definition of policy of systemic change in the context of this memorandum is in order. A policy of systemic change is a deliberate effort by a component of the U.S. Government to modify or remove one or more elements or characteristics of a country which, along with other elements or characteristics, comprise its basic internal "system." Such elements or characteristics may include a particular law, a prevalent pattern of behavior, rules and regulations with regard to a particular activity, a system of values, the nation's governmental structure, or its ideology. The rationale of a policy of systemic change is that often a particular policy with regard to a given country is seriously impeded or completely ineffective unless a certain internal modification in the country's system is brought about. Similarly, a policy of systemic change may be desirable or necessary because a given system or its component presents an actual or potential threat to U.S. interests, or is repugnant to U.S. values.

3. The principal findings of the interviews and discussions conducted for the purpose of this memorandum are:

a. Activity aimed at systemic change is being fairly extensively used by various components of the U.S. Government in Panama, although it is not always recognized as systemic change and is largely pursued on an ad hoc, and not a comprehensive, basis.

b. Without exception, all the individuals personally interviewed by me thought that a comprehensive U.S. policy aimed at systemic change would be useful, and most interviewees were enthusiastic about a prospect for such a policy

SUBJECT: Preliminary Assessment of the Applicability and Utility of a U.S. Policy of Systemic Change for Panama

which, in their opinion, would significantly facilitate their work. The interviewees noted that, in the absence of a comprehensive policy, various U.S. government offices or agencies often operate at cross purposes with regard to systemic change, which leads to counter-productive results.

c. Contrary to the assumption of enclosure 1 to the effect that a policy of systemic change primarily produces mid- to long-range results, my interviews revealed that activity with regard to systemic change is also operationally useful and produces significant short- to mid-range pay-offs.

These general conclusions will be illustrated below.

4. One activity of systemic change conducted by USSOUTHCOM in Panama is civic action. Civic action embraces a spectrum of activities related to health (e.g., vaccination, dental services), sanitation (e.g., drilling wells, building latrines), education (e.g., building schools) and the general infrastructure of the economy (e.g., building bridges). Under existing legislation, civic action cannot be pursued by U.S. Forces as a discrete objective, but only if it is incidental to joint exercises.

5. Civic action influences the attitudes of the Panamanian population and their loyalties. To the extent that the population is aware of civic action performed by U.S. Forces, good will for the United States is generated. Also, civic action generates a certain image of the U.S. military, an image of helpfulness, tolerance, and humanitarian attitude. In this regard, the influence of U.S. Armed Forces is different from that of the Panamanian Defense Force (PDF), which has been known to display high-handedness in the treatment of civilians.

6. Civic action, however, is a major instrumentality of political power of PDF. Because of the relative ineffectiveness of the civilian government, PDF is in a position to demonstrate to the civilian population that it is capable of producing results in the areas which are important for the people. Since civic action by USSOUTHCOM is confined to joint exercises, the role of U.S. Forces in this area is often submerged under that of PDF; thus, unintentionally, U.S. Forces help PDF to maintain its power in the country. U.S. officers are aware of this undesirable ramification of the U.S. role in civic action activities and suggested that, perhaps, all U.S. supplies and equipment as well as construction could be clearly identified by appropriate inscriptions or signs.

7. Although relatively effective, the leadership of PDF disregards human rights, is often arbitrary, high-handed, and is involved in illegal activities (e.g., drugs). The U.S. Government is aware of this situation and, in one form or another, attempts to change the behavior and attitudes of the Panamanian military. For example, strong displeasure was expressed by the American embassy in connection with the removal of President Barletta by General Noriega. The training of Panamanian officers in the United States, in part, reflects an effort to modify the value system and <u>modus operandi</u> of PDF. USSOUTHCOM (J-5)

of the Mexican government have been corrupted by the narcdtraffickers, but we also cannot ignore the extent to which the Government of Mexico devotes financial and human resources to the war on narcotics. It is in recognition of these efforts of the Mexican Government, that the President has certified.

The Bahamas is not a major producer of narcotics, but is a major transshipment point for both cocaine and marijuana and has been a significant venue for the traffickers' money laundering operations. Bahamian Government cooperation in fighting drug trafficking has been extensive and encompasses joint interdiction efforts as well as the enactment of legislation to curb trafficking and related activities.

Several other nations in the region serve as transshipment points for drugs destined for the U.S. market. In Panama, narcotics trafficking and the corruption that it fosters have become the focal point for a political and economic crisis that has brought the country to the brink of violence and collapse. The willingness of the Panamanian people to resist the evil forces of the narcotrafficantes and their stooges is an example for the rest of the hemisphere and for decent people everywhere. The Government of the United States and this Administration fully support the brave efforts of the people of Panama in this life and death struggle.

Now, I would like to turn to an examination of the situation in each of the countries under consideration today. The picture as a whole is so serious that a review of both resources and principles is essential if a truly international response is to be forged.

Mexico

The drug situation in Mexico is one of our greatest concerns. Mexico is the largest single country source of heroin and marijuana entering the US and it has become a major conduit for South American cocaine as well. The disturbing, increasing presence of well-financed, well-armed international trafficking networks in Mexico raises the prospect of growing, and potentially destabilizing, violence of the kind we are seeing in Colombia. The United States has a great deal at stake in the outcome of the contest between government and traffickers in Mexico.

Despite the substantial effort that the Mexican Government has undertaken in cooperation with us to combat drug trafficking, they have been losing the war. The traffickers' immense financial resources and ruthless methods have allowed

them to corrupt or intimidate government and law enforcement officials and to increase drug cultivation sufficiently to offset aerial and hand eradication of drug crops.

They are using aircraft, electronic surveillance and other sophisticated means to transport drugs and evade detection. Our 2000 mile border makes interdiction a gigantic task.

When drug traffickers cannot corrupt or intimidate officials they often attempt to kill them. Just last week, the police chief of Mazatlan, known for his toughness on drugs, was wounded in an assassination attempt. In many encounters, the traffickers are better armed than Mexican law enforcement and military personnel.

Mexico's 6-year old economic crisis, in which average per capita incomes have declined by 20 percent or more, provides major economic incentives for farmers, farm workers, middlemen and businessmen to participate in the lucrative drug trade, while shrinking the resources the Mexican Government has available for law enforcement and other national needs. Reduced income has made many Mexicans more vulnerable to the blandishments of trafficking organizations.

In short, Mr. Chairman, there is a real war going on in Mexico against a tough, well-armed, and immensely wealthy opponent.

Because both our governments recognize that we are facing a drug crisis, this subject was the principal topic of discussion during President Reagan's meeting with Mexican President de la Madrid in Mazatlan on February 13. Secretary of State Shultz, Attorney General Meese, and Treasury Secretary Baker reinforced US concerns with their Mexican counterparts at that meeting. Specific recommendations for stronger action were made.

The President's effort at Mazatlan marked a new dedication for both countries to win the battle against drugs. At the meeting, President de la Madrid declared drugs a national security concern for Mexico. Two weeks later, at a meeting with the President of Mexico's Supreme Court and leaders of the national legislature, he announced appointment of a Cabinet Committee, jointly chaired by Mexico's Attorney General, Secretary of Government, and Secretary of Health, to coordinate the war on drugs.

Stronger Mexican concern about drugs also is reflected in the current Mexican Presidential election campaign. Candidates of major Mexican political parties have spoken out strongly against drugs. The ruling PRI party's candidate Carlos Salinas

Notwithstanding important areas of cooperation, the Department concluded in February that, as the evidence which supported the indictments of Noriega indicates, narcotics related corruption in Panama has served to limit the scope and effectiveness of U.S.-directed enforcement operations.

Belize

Belize's climate, location, and sparse population provide favorable conditions for marijuana cultivation and transshipment of narcotics. The Government of Belize cooperates fully with U.S. law enforcement agencies and has been very helpful in the extradition or expulsion of narcotics fugitives. In 1987, three U.S. government-assisted aerial eradication campaigns destroyed an estimated 80 percent of the marijuana crop. There is evidence that Belizean traffickers, deprived of marijuana, are using their established supply routes to transship cocaine to the United States. In 1988, we will continue the aerial eradication program and our cooperation with the British in the equipping and training of the newly established Serious Crimes Squad, a division of the Belizean police force created to fight drug-related crime.

Nicaragua

Although there is little indication that the cultivation, production or refining of illicit drugs takes place in Nicaragua, there has been evidence of Sandinista government involvement in the trafficking of illegal drugs, especially cocaine. The support generally has taken the form of overflight clearance for drug-laden aircraft and occasional landing rights. A 1986 indictment by a federal court in Miami of Interior Minister Tomas Borge's former aide Federico Vaughn stated that Vaughn had worked with the Colombian drug syndicate, the Medellin Cartel, in facilitating the transshipment of cocaine through Nicaragua. Nicaraguan defector Roger Miranda, a former major in the Sandinista Popular Army, revealed that he had been privy to a conversation of Defense Minister Humberto Ortega referring to official involvement in narcotics activity.

GUATEMALA

Guatemala is both a transit area for South American cocaine bound for the United States and a producer of opium poppy and marijuana. Guatemala does not appear to be a significant money laundering country.

Guatemala has cooperated closely with the United States to reduce production of illegal narcotics. Joint aerial spraying operations are being carried out to eradicate opium poppy and marijuana plantations. In September 1987, acting on DEA intelligence, Guatemalan authorities boarded a ship bound for the United States and made one of the largest cocaine seizures in history, 2408 kilograms.

Some persons have alleged that defoliants are being used. This is untrue. Currently, a systemic herbicide, glyphosate, is the only chemical utilized. Glyphosate is virtually non-toxic to humans and wildlife. It is widely used in the United States where it is marketed for home use under the name "ROUNDUP."

Honduras

U.S. pressure on traditional narcotics smuggling routes from Latin America to the United States has caused drug traffickers to switch to new, less controlled alternatives. Honduras has proven to be a very attractive alternative. Its geographic potential -- sparsely populated, rugged country containing numerous isolated airstrips and an extensive, lightly patrolled Caribbean coast -- was used with record effect in 1987 as two major cocaine seizures totalling 13,000 pounds would indicate.

The Honduran government and armed forces recognized the danger of narcotics smuggling several years ago and have worked with us to prevent such an eventuality. We and the Hondurans fear that the corruption and violence endemic to the drug trade will undermine and eventually destroy the democracy Hondurans have struggled to consolidate. There is an extensive record of Honduran cooperation with the United States; we have prepared a chronology detailing this cooperation which I will not read but would request be entered into the record. Highlights include Honduran air force actions against smuggling aircraft, Honduran navy participation in joint maritime interdiction operations with the U.S. Coast Guard, and high-level support for a permanent DEA presence in Honduras.

The unwelcome return of Juan Ramon Matta Ballesteros to Honduras in April 1986 dramatically worsened the situation. Matta was arrested in Colombia in response to our request for his extradition, but escaped before he could be extradited. The Honduran government cooperated in our extradition request to the Government of Colombia by withdrawing its own request for Matta's extradition to Honduras to face murder charges. After Matta fled to Honduras, he was imprisoned on murder

Maynard personally reemphasized his government's commitment to the drug fight when he met with Secretary Shultz in January. Attorney General Adderley, who assumed responsibility for the Defense and Police forces last summer, also has been a forceful advocate of narcotics interdiction efforts. No USG request for operational cooperation has been denied.

The Bahamas is the only country in the world which allows U.S. law enforcement units to enter its territory in hot pursuit of drug targets. In 1987, joint US-Bahamian operations and unilateral Bahamian efforts netted more than 24,860 pounds of cocaine and 146.5 tons of marijuana, an accomplishment unequalled anywhere else in the Caribbean.

1987 also saw the expansion of joint US-Bahamian interdiction operations, permission for an official US presence during destruction of seized drugs, and signing of a Mutual Legal Assistance Treaty (MLAT). Implementing legislation for the MLAT was passed by the Bahamian House of Assembly this month and is expected to pass the Bahamian Senate in April. Also this year, our two countries will seek to conclude negotiations for a new extradition treaty and develop a joint US-Bahamian enforcement information center.

The Bahamian government last year enacted a comprehensive drug law which includes provisions for retroactive confiscation of narcotics derived assets. In February this year, a police sergeant became the first person charged under this law. Three important new narcotics laws were introduced in Parliament in October, including one which would make trafficking and possession of certain quantities of dangerous drugs an offense punishable by life in prison. The Bahamian government has also announced ambitious plans to create a 270 man force to be trained and dedicated exclusively to anti-narcotics law enforcement. Recently enacted banking regulations make money laundering more difficult in The Bahamas.

None of the above would have been possible without cooperation from the Bahamian government at the highest levels.

This is not to say that the situation in The Bahamas is all positive. We remain frustrated by the lack of successful Bahamian prosecution of major traffickers and the need for more vigorous enforcement of tough new anti-drug laws. Although recent actions such as proposed legislation to require mandatory drug testing of police and defense force personnel are encouraging, narcotics-related corruption continues to be a problem in the country. We are concerned that the Bahamian government has not dealt effectively or in a comprehensive fashion with corruption.

These problems are recognized in The Bahamas. Narcotics trafficking and related problems of addiction and corruption were important issues in the 1987 general elections. We are seeing strong signs of improvement in key areas of enforcement, investigation and prosecution. An internal corruption unit set up this year which reports directly to the deputy police commissioner has already investigated and presented for action a number of cases. The GCOB has established a special drug court and proposed a second, which should relieve the currently over-burdened legal system.

In sum, we have had outstanding bilateral cooperation in anti-narcotics efforts. Improvements over this past year indicate that the GCOB is moving in the right direction to get a grasp on the corruption problem. We want to encourage and strengthen those Bahamians, including officials at the highest level, who clearly want to do more.

Haiti

With the departure of Jean-Claude Duvalier in February 1986, it was hoped that steps would be taken to combat the substantial drug trafficking which existed under his corrupt regime. It appears that new traffickers, acting in collusion with Latin American suppliers, are moving to fill the vacuum. By geography, economic weakness, and lack of an adequately trained and equipped anti-narcotics force, Haiti is particularly vulnerable to trafficking and corruption.

Although there were some notable accomplishments and an increase in amounts of illegal narcotics seized by Haitian authorities in 1987, trafficking vastly out-stripped the Haitian security forces' capabilities to deal with the problem. This was exacerbated by the tumultuous political events during the period. During 1987, factual evidence led to the designation of Haiti as a significant but not major transshipment venue.

The indictment of Colonel Jean Claude Paul, Commander of the Dessalines Battalion, has focussed greater attention on Haiti as a venue for narcotics traffickers. Prior to this indictment the Government of Haiti issued a formal statement that it will investigate those accused of involvement in narcotics trafficking and prosecute as evidence warrants. The Haitian government has requested the evidence on which Col. Paul was indicted. That request currently is under consideration by the U.S. Department of Justice.

LARGE SUMS OF U.S. DOLLARS WERE LAUNDERED THROUGH PANAMA, ESPECIALLY THROUGH BANKS IN WHICH GENERAL NORIEGA IS ALLEGED TO BE A PRINCIPAL SHARE HOLDER. GENERAL NORIEGA IS ALLEGED TO BE PERSONALLY INVOLVED IN THE MONEY LAUNDERING ENTERPRISE AND ALLEGEDLY RECEIVED BRIBES ADDING UP TO MILLIONS OF DOLLARS FOR HIS EFFORTS. WITHOUT HIS ALLEGED PERSONAL INVOLVEMENT, NONE OF THIS MONEY LAUNDERING COULD HAVE OCCURRED. WITHOUT A SUCCESSFUL METHOD FOR LAUNDERING DRUG PROFITS, THE DRUG BUSINESS WOULD FALL ON HARD TIMES.

OPERATION SABER WAS AN UNDERCOVER OPERATION THAT BEGAN AS A RESULT OF INFORMATION PROVIDED TO THE CUSTOMS SERVICE AFTER THE CONSIDERABLE PUBLICITY FOLLOWING MY TESTIMONY BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE TWO YEARS AGO ON MEXICAN CORRUPTION. IN SEPTEMBER 1987, WE WERE ABLE TO INFILTRATE AN INTERNATIONAL COCAINE SMUGGLING CARTEL AND INTRODUCE UNDERCOVER OPERATIVES INTO THE CARTEL.

THE CARTEL HAD MONOPOLIZED COCAINE PRODUCTION FACILITIES IN BOLIVIA, BUILT A COMPLEX OF CLANDESTINE AIRSTRIPS, ACQUIRED A FLEET OF AIRCRAFT AND SET UP A SERIES OF CLANDESTINE LABS THROUGHOUT BOLIVIA AND PARTS OF BRAZIL. FIVE MEXICANS ALLEGED TO BE OFFICIALS OF FIVE GOVERNMENT AGENCIES ARE SAID TO HAVE USED THEIR OFFICIAL POSITIONS TO GUARANTEE PROTECTION FOR THE DRUG TRAFFICKERS. ACCORDING TO THE ALLEGATIONS, THE MEXICAN OFFICIALS WOULD ALLOW DRUG TRAFFICKERS TO LAND THEIR COCAINE-LADEN AIRCRAFT IN MEXICO FOR REFUELING ON THEIR WAY FROM BOLIVIA TO THE UNITED STATES. FOR THESE SERVICES, THE MEXICAN OFFICIALS WOULD RECEIVE A FEE OF ONE MILLION DOLLARS PER TON OF SMUGGLED COCAINE.

AFTER A SERIES OF UNDERCOVER NEGOTIATIONS WITH INDIVIDUALS IN THE UNITED STATES, BOLIVIA, MEXICO AND PANAMA, WHERE THE CARTEL LAUNDERED THEIR ILLICIT PROCEEDS, THE UNDERCOVER AGENTS NEGOTIATED FOR THE PURCHASE OF 5 METRIC TONS OF COCAINE FOR APPROXIMATELY $25,000,000.00. DURING THE UNDERCOVER MEETINGS IN BOLIVIA THE UNDERCOVER AGENTS OBSERVED TONS OF COCAINE WAITING TO BE PURCHASED BY VARIOUS AMERICAN, MEXICAN AND COLOMBIAN TRAFFICKING ORGANIZATIONS.

The Narcotics Control Situation

U.S. law enforcement agencies estimate that 50 to 60 percent of all the cocaine and marijuana that enters the U.S. either transits or is transshipped through The Bahamas. Obviously, narcotics enforcement in the Bahamas has a high priority in this Administration -- and we are acutely aware of our dependence on the Government of The Bahamas.

On the central issue of cooperation, let me say that the Bahamian government has demonstrated its readiness and willingness to cooperate on narcotics matters. New U.S. funded interdiction programs, projects, equipment and manpower have been officially encouraged and welcomed by the GCOB. The Police and Defence Forces have cooperated in joint interdiction operations and investigations. Under the forceful leadership of the Attorney General, who last summer assumed direct responsibility for the Police and Defence Forces, the highly satisfactory cooperation at the operational level has become even better.

This is no easy task. The Bahamas' 700 islands and cays are scattered over 100,000 square miles and provide ideal sites for air and sea smuggling. The 1,600 members of the Royal Bahamian Police Force (RBPF) and the 570 members of the Royal Bahamian Defence Force (RBDF) are faced with the difficult law enforcement task of controlling 73 private/public airstrips as well as 110 small boat harbors. The area extends in the north from Bimini and Grand Bahama Island, 60 miles from Florida, to within 90 miles of Haiti and The Turks and Caicos Islands.

Despite the very positive operational relationship and an official climate of cooperation, narcotics-related corruption remains a major problem in The Bahamas. The inability of the GCOB to deal effectively with narcotics corruption has fostered a situation in which it appears that corrupt enforcement officers are not being rigorously investigated and prosecuted.

Some Police and Defence Force personnel have been dismissed from service or forced to retire for narcotics related corruption. However, they are not normally charged or tried in court for their offenses. The police have organized an internal corruption unit which reports directly to the Deputy Police Commissioner, and a number of cases have reportedly been investigated and presented to him for action. Recently proposed legislation would require mandatory drug testing of Police and Defence force personnel.

The issue of narcotics trafficking receives a high level of public attention from a population that is also sensitive to the corruption issue. An important issue in the 1987 Bahamian general elections was narcotics trafficking and related problems of corruption. The opposition Free National Movement and the ruling Progressive Liberal Party (PLP) traded allegations of official corruption; each blamed the other for the prevalence of narcotics trafficking in The Bahamas.

Despite the allegations, the PLP won a clear-cut general election victory in June 1987. PLP leaders had renominated two former cabinet ministers (George Smith and Kendal Nottage) who subsequently won parliamentary seats as PLP

candidates. Both were identified in the 1984 Commission of Inquiry Report - Nottage for fronting for an organized crime figure/drug smuggler and Smith for narcotics-related corruption. Their candidacies underscore the GCOB's continuing failure to address adequately the recommendations in the 1984 report. In August 1987, Nottage was appointed by the GCOB as Chairman of the Bahamas Broadcasting Corporation.

Cocaine and marijuana are the principal drugs smuggled through The Bahamas. No other drugs in significant quantities were seized in 1987 and there is no evidence of drug refining or processing. Current prices (U.S. dollars) are: cocaine - $10,000-$16,000 per kilo; Jamaican sinsemilla - $1,200-$2,000 per pound; and Indian hemp - $600-$800 per pound.

Seizures of marijuana and cocaine in The Bahamas increased by 300 percent in 1987 as compared to 1986. The increase in seizures is largely attributable to new U.S. interdiction resources provided for by the 1986 Omnibus Drug Act and put into operation in 1987. In 1986, OPBAT's joint U.S.-Bahamian interdiction teams seized 5.6 tons of marijuana and 7,276 pounds of cocaine. By December 22, 1987, OPBAT had seized 146.5 tons of marijuana and 24,860 pounds of cocaine in The Bahamas and its surrounding waters. There were over 1,400 arrests for narcotics violations in The Bahamas in 1987. Of those arrests, 167 were the result of OPBAT operations.

Drug shipments smuggled into the area are usually trans- ferred on land or at sea to small cigarette-type fastboats for transshipment to the United States. One popular method of "delivery" involves the air-drop of drug shipments to waiting fastboats. Aircraft-to-aircraft transfers also occur.

Bahamians are involved in the transit trade along with Americans (including Cubans resident in the United States), as well as Colombians and a few Haitians. Within The Bahamas, domestic distribution of narcotics is handled by Bahamians. A high level of cocaine (primarily "crack") addiction now exists in The Bahamas. The sky-rocketing crime rate appears to be directly linked to increases in addiction. Police estimate that over half of all crimes committed in The Bahamas are drug related. The hijacking of narcotics shipments is reported frequently and the level of violent crime (shootings and murders) has risen substantially.

Banking laws and regulations have made money laundering more difficult in The Bahamas. Absence of control over laundering money through purchases of goods and services makes it difficult to measure accurately the extent of money laundering in the country. However, U.S. officials believe that large amounts of drug money continue to enter the Bahamian economy.

1987 Accomplishments and Actions

We have compiled a month-by-month summary which shows how cooperation at the operational level was translated into action in 1987.. Together with seizure statistics, it illustrates that the relationship is constant.

In January, SEABAT, a maritime extension of the OPBAT operation was fully incorporated in the joint interdiction effort. Also in January, the Government

narcotics cases and provide some measure of consistent and reasonable sentencing for major offenders. The GCOB is reportedly considering the creation of a special narcotics prosecutor to relieve overburdened and outmatched police officers of the task.

A GCOB proposal to organize a national police narcotics enforcement unit has considerable potential. The success of that venture will rest largely on the GCOB's willingness to provide adequate resources and select proper candidates.

The RBDF has shown marked improvement in its law enforcement efforts and has made a number of significant unilateral drug seizures. There has been a striking increase in the number of enforcement patrols. In 1987 the RBDF reported over 1,600 boardings and seizure of 13 vessels.

Bahamian Customs is unable to operate effectively due to a lack of training, equipment, and manpower. The GCOB has traditionally considered Customs a revenue collection agency and has ignored the potential enforcement role. Although one of the recommendations contained in the joint US-UK narcotics report called for customs development as a drug law enforcement element, the Bahamian Government has failed to act on the recommendation.

The GCOB still lacks an effective system or policy to deal with official corruption. Failure to address this corrosive problem seriously threatens the success of enforcement efforts and our cooperation with The Bahamas.

Summary on the Bahamas

On balance, the situation in the Bahamas is mixed. We get good to excellent cooperation on many initiatives -- especially OPBAT -- and the Bahamas is still the only nation which permits hot pursuit. There are plans and programs moving off the drawing-board which should improve cooperation. Cooperation is limited however to Bahamanians assisting the United States in those actions we want to undertake in its territory. The GCOB does little outside this framework, and thus we remain frustrated by its lack of enforcement and prosecution against major traffickers and by the slowness with which the Bahamas addresses the long recognized need to curb official corruption.

Nonetheless, the situation is better this year than last and there are clear indications that many Bahamians, including several officials at the highest level, are cooperating to the best of their ability. The decision to certify the Bahamas is based upon these principal factors of proven cooperation and our desire to strengthen the hands of those in the Bahamas who clearly wish to do more.

2. MEXICO

Mexico remains the largest single country source for heroin and marijuana entering the United States. Mexico also serves as a major transit route for U.S. cocaine imports. Mexico has a broad-based anti-narcotics program, including crop eradication, interdiction of shipments, suppression of refining laboratories, and efforts to increase public awareness. The Mexican government has committed its

military as well as its police force to the anti-drug campaign.

The Government of Mexico has made higher expenditures on narcotics programs in 1987 despite the country's severe economic problems and serious budget deficits. The Mexican Attorney General's Office (PGR) spends 60 percent of its budget on anti-narcotics programs and employs over 1,550 personnel directly in efforts to fight drugs. Although the Mexican authorities eradicated greater quantities of marijuana, net production increased in 1987. The number of hectares of opium poppy eradicated increased marginally in 1987, but also failed to reduce net production. Nevertheless, assisted by the International Narcotics Control program, the PGR has made a serious effort to improve its aerial eradication program. Measures already taken include an intensified pilot training program and improved benefits for pilots and aircraft support staff, as well as the purchase of 12 new Bell 206 helicopters for its eradication fleet.

While it is true that the Government of Mexico has not yet addressed all allegations of official corruption in a systematic fashion, Mexican officials recognize the problem and are intensifying efforts to combat narcotics corruption. For example, Mexican law enforcement authorities have investigated a number of government officials, including investigations or arrests of several municipal officials in Chihuahua when it was discovered they were involved in growing 70 hectares of marijuana. As is well known, corruption exists wherever drug traffickers operate.

Moreover, senior Mexican officials increasingly recognize that the growing influence of narcotics trafficking organizations poses a threat to government authority. At the recent Mazatlan summit with President Reagan, President de la Madrid publicly articulated his belief that drug trafficking is a national security threat. Two weeks later he appointed a cabinet committee to coordinate Mexico's anti-drug efforts.

The Mexicans have also significantly increased seizures of poppy derivatives, marijuana and cocaine. They dismantled nineteen heroin and cocaine laboratories in 1986 and 1987, even though the characteristics of the labs found in Mexico make their discovery extremely difficult. Mexico has also cooperated in returning some fugitives to the United States. In 1987 Mexico was able to disrupt the networks of several traffickers. They arrested a number of Class I violators, including Jaime Herrera and his son who allegedly control an enormous heroin trafficking organization which has distribution networks in Chicago and California. The Mexican Government is now able to seize the assets of traffickers. The new, recently occupied PGR headquarters was financed entirely through seized trafficker assets.

To improve joint law enforcement cooperation, Mexico signed and ratified a Mutual Legal Assistance Treaty and agreed to cooperate with Operation Alliance in exchanging information and in designing operations in which Mexico and the U.S. will carry out actions on their respective sides of the border. Recently there have been some significant steps in Mexico's cooperation with the U.S. prosecutions related to the murder ot DEA agent Enrique Camarena. Caro Quintero, Fonseca Carillo and more than 60 other defendants remain in jail and are being prosecuted in

were forthcoming from the GOP. These accounts were to be frozen with the full understanding that Panama would further assist in identifying and freezing secondary and tertiary accounts and provide all documentation concerning their investigation.

Seven months later, the FBI has received only minimal documentation regarding the initial 29 accounts. No written notification of monies frozen by the GOP has been received. Repeated requests for completion of previously agreed investigations have failed to produce desired results. The Government of Panama's lack of aggressiveness in pursuing these additional accounts has significantly hindered the overall money laundering investigations and could adversely affect the admissibility of documents for prosecution. The lack of a bilateral law enforcement assistance agreement between the U.S. and Panama has been a factor in preventing the most expeditious handling of certain law enforcement matters. U.S./Panamanian agreement in principle to such an accord was reached in May, 1987, but negotiations on terms of an agreement did not take place due to the sharp deterioration in bilateral relations which began in June.

Meanwhile Panama's strict corporate and bank secrecy laws protect the identities of business and bank account owners. Even U.S. branches of banks in Panama have failed to provide records requested by the U.S. Internal Revenue Service in cases directly related to drug trafficking. In order to use provisions of Panama's 1986 law, charges must be specific narcotics charges and not narcotics-related tax charges.

During 1987, reports alleging the involvement of General Noriega in drug money laundering continued to surface. In early February 1988, Federal grand juries in Miami and Tampa returned indictments charging Noriega and others with various drug money laundering and related offenses. Drug-related money laundering remains a significant industry in Panama. It is not possible to predict how the 1986 drug law will be implemented in the future or the extent to which officials will probe into money laundering activity. GOP performance in this area will require careful and continuous case-by-case review.

4. NICARAGUA

Nicaragua maintains that it has no drug problem, and officials deny that it supports or abets trafficking. There is little indication of cultivation, production or refining of illicit drugs, but there is information indicating past involvement of government officials. This support has taken the form of providing overflight clearance for drug-carrying aircraft, and even granting of landing rights. In 1986, a federal grand jury in Miami indicted Federico Vaughn, a close associate of Interior Minister Borge, on the grounds that Vaughn had ties to the Medellin cocaine cartel in Colombia. No other indictments have been handed down. No information is available on possible money laundering activities. The extremely poor condition of the Nicaraguan economy and the innumerable controls on banking suggest that few, if any, traffickers would want funds to be laundered there.

5. HAITI

Haiti is a significant transit point for cocaine and other drugs exported from South America to the United States. U.S. officials believe Haiti is used to tranship precursor chemicals smuggled into South Florida. There is no official estimate of the volume of traffic, but seizures of cocaine rose from 31 kilograms in 1986 to 667 kilograms, while marijuana seizures rose from 367 kilograms to more than 2,500.

Given the volatile political climate, U.S. officials have difficulty in projecting substantive progress in 1988.

U.S. agencies have a mixed perception of our potential for effective interdiction in Haiti. There had been hopes that, after the Duvalier regime collapsed in 1986, controls could be imposed on drug trafficking. However, other traffickers, allegedly including Haitian officials, have filled the vacuum and are acting in collusion with Latin American suppliers.

On the other hand, increased seizures are attributed largely to the increased intelligence capabilities of Haitian authorities afforded by the Center for Coordination and Information. Most seizures came after opening of the CCI.

DEA reopened a full-time office in October. U.S. officials report excellent cooperation from Haitian authorities, particularly the Minister of Interior and National Defense. However, DEA and other officials believe that corruption is a definite impediment to gaining control of narcotics trafficking. Moreover, police and other enforcement resources are clearly inadequate, given the apparent increase in the volume of trafficking.

The situation is compounded by a thriving trade in other contraband. Smuggling has become a major industry, spurred by economic pressures and made possible in part by ineffective customs practices.

The indictment of Colonel Jean Claude Paul, Commander of the Dessalines Battalion, has focussed greater attention on Haiti as a venue for narcotics traffickers. Prior to the indictment, the Government of Haiti issued a formal statement that it will investigate those accused of involvement in trafficking and prosecute as evidence warrants. The Government of Haiti has requested the evidence on which Colonel Paul was indicted. That request presently is under consideration by our Department of Justice.

6. HONDURAS

Honduras is a transfer point for signficant quantities of cocaine from Colombia to the United States. In November 1987, 8,000 pounds of cocaine were seized in a shipment of wood products from Honduras. Earlier, 5,000 pounds of Colombian cocaine were discovered in Florida in a container of Honduran plantains. The trafficking networks using Honduras are primarily run by U.S. citizens or Colombian nationals. Matta Ballesteros, a Honduran who was a major figure in Colombian and Mexican trafficking, re-established his residence in Honduras in April 1986 after escaping from a Colombian jail. He is believed to have continued his trafficking activities in Honduras. Honduras has taken several steps to improve cooperation with U.S. officials, including the Coast Guard and DEA. In 1988, the Honduran Government plans to establish a special Narcotics Task Force, to be operational in May. Also in 1988, DEA will open a permanent office in Tegucigalpa.

That concludes our formal testimony, Mr. Chairman, and I will be pleased to answer questions.

Panamanian authorities have also been very cooperative in expelling directly to the United States those U.S. fugitives caught in Panama. Since 1985, the United States has requested 31 expulsions, each of which has been subsequently granted by the Government of Panama. In fact, on February 29, 1988, subsequent to the Noriega indictment, Panama, at the request of DEA, arrested and expelled to Miami Reinaldo Ruiz.

Last year, Panamanian authorities, particularly the Office of the Attorney General, worked closely with us in culminating the highly successful Operation Pisces, in which DEA penetrated the highest level of cocaine trafficking in Colombia and elsewhere. In this very significant undercover investigation, more than 400 arrests were made, most of which were major drug violators. Cocaine seizures amounted to over 950 kilograms. Total assets seized exceeded $79 million, of which $58 million was in currency. Panamanian officials were able to freeze $12 million worth of the drug traffickers' laundered money from 77 bank accounts in 18 Panamanian banks. Since the auditing of those bank accounts was initiated, a little over $1 million more has been frozen.

In spite of the indictment of General Noriega, DEA has been assured by the Panamanian Attorney General that they intend to continue cooperating with DEA as they have in the past.

NICARAGUA

DEA does not have an office in Nicaragua. The DEA office in Costa Rica is responsible for monitoring, to the extent that it can, drug-related activities in Nicaragua.

We do not believe that Nicaragua is a drug-source country. DEA has documented only one instance in which Colombian cocaine traffickers used Nicaragua as a cocaine transshipment point. In 1986, 12 persons, including one Nicaraguan, were indicted in the Southern District of Miami. We believe that the arrests and prosecutions resulting from this investigation may have discouraged any further attempts by cocaine traffickers to establish transshipment or processing bases in Nicaragua.

HONDURAS

Honduras is significant as a drug transit country. The northern coastline and Bay Islands of Honduras are used to transship large quantities of cocaine and some marijuana via aircraft and vessels from South America to the United States. Two major cocaine seizures in the United States in the last half of 1987, totaling over 6 metric tons, transitted Honduras.

Mexican authorities reported that 74 kilograms of heroin were seized throughout Mexico in 1987, while 47 kilograms were seized in 1986. Four heroin laboratories were also dismantled in Mexico last year. In addition, over 9,200 kilograms of cocaine were seized in Mexico, which is twice the amount seized in 1986 and more than three times the amount reported seized in 1985. Marijuana seizures amounted to over 395 metric tons. Also, over 9,000 persons were arrested for drug-related offenses.

There has been considerable focus over the past several years on narcotics production and trafficking in Mexico. The attorneys general and presidents of both Mexico and the United States met on several occasions during 1987-1988 to discuss narcotics issues. As a result of these meetings, the most recent one occurring last month, leaders of both countries have supported a strengthening of bilateral law enforcement efforts by increasing the effectiveness of crop eradication programs and improving drug interdiction initiatives.

We expect that bilateral enforcement efforts will also be enhanced as a result of the Mutual Legal Assistance Treaty that has been signed by the Attorney General of Mexico and the U.S. Ambassador to Mexico.

5.

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The Mexican Congress has already ratified the treaty. Upon ratification by the United States Senate, the treaty will serve as a mechanism through which each government may request and expect formal cooperation and assistance regarding the collection of evidence, witness testimony, and other investigative and judicial procedures.

HAITI

We believe that Haiti is a transshipment point for the movement of illegal narcotics, particularly cocaine, into the United States.

In October 1987 DEA opened an office in Port-au-Prince. Full-time DEA presence has added an expanded dimension to Haitian narcotics-related enforcement programs.

On November 4, 1987, the Center for Coordination and Information (CIC) was opened at the Port-au-Prince airport. Created with the cooperation of the Ministry of Interior and National Defense, the CIC was modeled on the Dominican Republic's successful Joint Information and Coordination Center operation in Santo Domingo. The CIC monitors the movement of aircraft and vessels in and out of Haitian territory.

Cocaine and marijuana seizures in Haiti have risen over the past year, due in part to the effectiveness of the CIC. In 1986, seizures in Haitian territory netted 31 kilograms of cocaine and 367 kilograms of marijuana. In comparison, during 1987, Haitian law enforcement authorities confiscated 667 kilograms of cocaine and approximately 2,500 kilograms of marijuana.

Earlier this month, a federal grand jury in Miami indicted Jean Claude Paul, a Colonel in the Haitian Army, Antonio Paul, and Mireille Delinois on charges of violating U.S. narcotics laws. These indictments are the result of DEA investigations. The defendants are charged in connection with a scheme to provide a protected airfield to transport cocaine owned by Jean Claude Paul and others from Haiti, through the Bahamas to the United States.

**BAHAMAS**

Mr. Chairman, as you know, the Bahamas are significant as a major transit point for cocaine and marijuana entering the United States.

Operation Bahamas and Turks and Caicos (BAT) is a joint United States/Bahamian effort intended to disrupt the flow of narcotics and dangerous drugs through this area by denying use of the islands as aircraft refueling stops, storage locations, and staging areas for subsequent air or maritime shipment to the United States. In 1987, Operation BAT personnel seized 146.5 tons of marijuana and 11,300 kilograms of cocaine, a 300 percent increase over the amounts seized in 1986.

The Bahamian Police and Defence Forces have actively participated in Operation BAT, have funded new enforcement vessels, and have authorized two new United States/Bahamian boat stations in the Bahamas. They have also approved an additional aerostat radar installation at George Town, whose installation is pending with the United States Federal Aviation Administration.

Last year, there was a significant increase in the number of enforcement patrols, boardings, and conducted searches. The Bahamian Defense Force reported over 1,600 boardings and 13 vessel seizures.

New interdiction programs, projects, equipment, and manpower have been officially encouraged and welcomed by the Government of the Commonwealth of the Bahamas. The Bahamian Minister of National Security, who is also the Attorney General, is providing forceful leadership of the Bahamian Police and Defence Forces and is continuing to cooperate fully in joint United States/Bahamian interdiction efforts.

In the area of intelligence, the Intelligence Subcommittee of the United States/Bahamas Drug Interdiction Task Force, chaired by the Drug Enforcement Administration, recently reported an upgrading of its interdiction intelligence program in the Bahamas. It also reported the establishment of a special intelligence unit to deal with 26 marine ports and 16 airports in the Bahamas.

It is expected that the addition of United States manpower, equipment, and resources as provided by the 1986 Anti-Drug Abuse Act will continue to improve the effectiveness of drug enforcement efforts in the Bahamas.

As you have pointed out, Mr. Chairman, many allegations regarding corruption in the Bahamas and elsewhere have surfaced over the years. DEA attempts to corroborate such allegations as they pertain to drug trafficking activity. Our objective is to develop enough corroborating evidence to meet the standards of prosecution. With this corroborating evidence, we have been able to indict and prosecute those officials who have profited from and supported drug trafficking activities.

Mr. Chairman, I appreciate this opportunity to discuss drug enforcement activities in Mexico, Central America, and the Caribbean. I will be pleased to answer any questions you may have.

Nehmeh & Associates
Attorneys at Law

807 N. Vineyard, ste. 200
Ontario, California 91764

714-[illegible]
714-[illegible]

March 25, 1988

Honourable Walter E. Fauntroy
Washington D.C.
Fax c/o Congressman Town's Office

Dear Sir:

The U.S. shareholders of Hamarex S.A. are appalled at the doings of Col. Jean Claude Paul using his military might and conniving with some employees of the Bank Nationale to extirpate and enjoy for his benefit and his cartel, our assets.

We had not initiated any action for we did not want to interfere into international relations and since our President in charge had reported to us his conversations with Mr. Morblitt. Now that the Grand Jury has acted in Florida, and that Congress is taking action, we feel that the moment has come for us to present our revendications and regain possession of our assets which number in the millions of dollars. We cannot understand that foreign authorities have their whims and wishes as they please disregarding due process of law, whether local or international, and become gangsters with the blessings of constitutionally established institutions. We now stand ready to defend our rights now that we have started this process.

Very truly yours,

Mike Nehmeh

MN/kan

HAMARKEX
HAITIAN MARINE EXPLORATION, S.A.
P.O. Box 1780,
Port-au-Prince, Haiti, Tel. 3-0617

225 1018
TO: FAX# 1-202-225-~~3936~~

MARCH 25, 1988

To: Honorable Walter E. Fauntroy
Washington, D.C.
C/O Congressman's Town's Office

Dear sir,

From January 87toOctober 87, the Haitian Government troops commended by Colonel Jean-Claude Paul invaded our offices and warehouses on 5 separate occasions. We fought this man as best we could, using all available legal means. We had 7 different personal meetings with him at his Casernes Dessalines offices ; we denounced him to the Haitian Bar and the Haitian Army Headquarters. Still to no avail. He sent his troops to hinder our operations, forcefully kept our tug boats from operating, threatened us physically, and I barely escaped being being shot at close range by Casernes' soldiers on my way home one night. On the day of the murder of candidate Volel who, as our legal counsel, was about to confront Colonel Paul with me in colonel Paul's offices in the Casernes, I had no option but to flee Haiti . ( Mr. Volel was very outspoken against the junta and Paul; we had the meeting set for 12:20 PM and Mr. Volel was killed at 10:30 AM in frot of the main Police Station by a soldier in civilian clothes.)
Jean-Claude Paul told me in the presence of one of my atorneys, Me Gladys Legros, my brother Edmond Heraux and my wife,that"the law now in Haiti is the law of the strongest. If anyone has something against me, let him take his weapons and fight me." He (Paul) then proceeded to forcefully place a Colombian national named Jesus Garcia, in our offices. This man is well known in Haiti as a drug trafficker. He now occupies and uses for his drug business directed at the US, our offices, warehouses and more importantly, our private docking facilities. Hamrax is now a transfer point for drugs going to Florida and other parts of the States. We have witnessed transfers in broad daylight with sol-

HAMAREX
HAITIAN MARINE EXPLORATION, S.A.
P.O. Box 1780
Port-au-Prince, Haiti, Tel 5-0617



iers from the Casernes Dessalines watching.

Practically every night some ûknown individuals came to discharge their weapons in front of my house, scaring my wife and children. The judges in haiti told us they could do nothing against this man since he would not recognise their orders and the police could not interfere against the soldiers. His right hand man, counselor told me confidentiallythat I better leave alive, and fight his boss later. We taped a conversation once of a military man who called us at home to tell us " Duvalier had enough sense to leave everything behind, you better do the same. Material things are not worth dying for."
A detailed and documented file is being forwarded to the US Congress for action on behalf of the US shareholders of Hamarex.

We are willing to testify under oath if necessary.

Thank You.

Mario Jehan Heraux

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON, D.C.

MAY 20 1988

MAY 16 1988

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The Honorable
Michael G. Oxley, M.C.
House of Representatives
Washington, D.C. 20515

Dear Mr. Oxley:

The Commissioner has asked me to respond in writing to your memorandum concerning the House Select Committee on Narcotic Abuse and Control hearing held on March 29, 1988. The following questions and answers are presented for inclusion into the official transcript of the hearing.

#1 Q. The U.S. Customs Service is the lead agency for narcotics interdiction. Do you believe your agency has enough resources, both in terms of manpower and finances, to effectively carry out this function?

A. The current staffing levels of the U.S. Customs Service have increased considerably over the last few years and have greatly reinforced our interdiction efforts. However, the volume and changing methodology of narcotics trafficking have placed ever-increasing burdens on our enforcement and inspection personnel. This is clearly evidenced by the commitment of U.S. Customs in several enforcement initiatives, such as our commitment of personnel on the Southwest Border (Operation Alliance). Through analyses of narcotics threats, Customs has attempted to deploy its limited resources to where the greatest threats exist. Our efforts to counteract these sustained threats, as well as respond to newer and more challenging smuggling methods, are tasking our resources and manpower to their limits.

In our original development of the Interdiction Strategy, the U.S. Customs Service identified significant additional positions required to implement across the board improvements in our interdiction programs. These positions include additional criminal investigators and air interdiction personnel as well as Customs inspectors and support personnel. Notwithstanding the increase in personnel, commensurate increases in resources, including additional aerostats, air interdiction aircraft, etc., were identified as critical components of our interdiction program.

#2 Q. Since late last year, the Miami Blue Lightning Operations Center has been functional. What effect, if any, has this radar net had on interdiction efforts?

A. The original Blue Lightning Special Operation took place in April 1985. Its purpose was to verify that large amounts of cocaine were being smuggled from the Bahamas to South Florida. Today, there are 63 federal, state and local agencies as members of the Blue Lightning Strike Force, whose activities are coordinated by the Miami Blue Lightning Operations Center (BLOC). The BLOC is a clearinghouse for cooperation and the sharing of intelligence between federal, state and local narcotics enforcement agencies. There were a total of 256 seizures made by the Miami BLOC in calendar year 1987. It is evident that the overall combination of the numerous disciplines interfaced with the BLOC, and embodied in the BLOC concept, do result in increased seizures and help to further the cooperation of all member agencies of the BLOC.

#3 Q. Even though the National Drug Policy Board has just recently released its strategy and implementation plans, the U.S. Customs Service has been working closely with local and state authorities for some time now. Is that a fair assessment?

A. The Blue Lightning Operations Centers are devoted to the sharing of intelligence with, and cooperation among federal, state and local agencies. One of the main functions of the Blue Lightning Operations Centers is ensuring common secure communications among member agencies. There are currently 722 voice-secure Customs radios being utilized by state and local law enforcement agencies throughout the United States.

The U.S. Customs Service contribution to Operation Alliance is a model of cooperation between federal and state and local enforcement agencies. Under Operation Alliance, the Customs Service is continuing its orientation training program for participating state and local agencies. To date, 370 state and local officers have received this Title 19 training. Customs also has an ongoing program to identify resources for loan to state and local agencies. Currently, there are two (2) vessels and one (1) aircraft on loan to state and local agencies.

Under the U.S. Customs Service asset sharing program, over $10.25 million in assets seized by U.S. Customs were shared with state and local law enforcement agencies in FY 86 and FY 87. Included in this $10.25 million were 133 vehicles, 28 aircraft and 27 vessels. Thus far, in FY 88, the U.S. Customs Service has transferred (including pending actions) over $16.4 million in forfeited assets to state and local law enforcement agencies across the United States.

#4 Q. In your estimation, has "Operation Alliance" proven successful?

A. Operation Alliance has proven extremely successful. Drug seizures on the Southwest Border have increased dramatically because of the cooperative efforts among federal, state and local law enforcement agencies involved in Operation Alliance.

Alliance enforcement efforts in FY 87, resulted in the seizure of 8,520 kilos of cocaine, more than quadrupling the 1,807 kilos seized in FY 86. As of February 16, 1988, 2,539 kilos of cocaine have been seized in FY 88.

In FY 87, 135,492 kilos of marijuana were seized compared to only 60,409 kilos in FY 86. As of February 16, 1988, 52,027 kilos of marijuana have been seized in FY 88.

In FY 87, 52.6 kilos of heroin were seized compared to 27.4 kilos seized in FY 86. As of February 16, 1988, 25.9 kilos of heroin have been seized.

There are now 34 Border Smuggling Groups located along the Southwest Border. These groups are made up of agents from Customs, DEA, IRS, ATF, INS and state and local agents. They provide investigative support to seizures and zero tolerance arrests at ports of entry. They also develop narcotics cases targeting land, air and maritime smugglers.

Five Mobile Corridor operations were conducted on the Southwest Border in FY 87. These operations have been staffed by representatives from the federal, state and local agencies involved in Alliance. The overall seizure statistics generated by these operations have not been spectacular, but they have served to extend a warning to narcotics smugglers, "the war on drugs will be fought at all levels along our nations borders, not just at official ports of entry."

The Zero Tolerance Program was initiated by the Alliance group in San Diego, with the concurrence of the U.S. Attorney's office. Since December 15, 1986, over 1,000 individuals have been arrested. Of these, 722 have been convicted and disposition is pending on 224 individuals. In addition, 42 individuals have failed to appear and warrants have been issued for their arrests. Due to the success of the Zero Tolerance Program in San Diego, on March 25, 1988, Customs initiated this program nationwide. The March 25th order directed Customs officers to arrest all narcotics violators regardless of the amount, and seize their travel documents. The various offices are presently coordinating with the U.S. Attorney's offices to gain their support for the program nationwide.

I appreciate the opportunity to respond to these questions and look forward to your continued support of the Customs efforts in our nation's war on drugs.

Sincerely,

Wm. Rosenblatt
Assistant Commissioner
Office of Enforcement

U.S. Department of Justice

Drug Enforcement Administration

*Washington, D.C. 20537*

JUN 09 1988

Honorable Charles B. Rangel
Chairman, Select Committee on
Narcotics Abuse and Control
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As you are aware, the Drug Enforcement Administration (DEA) works very closely with our foreign counterparts. We have established a critical trust and mutual respect with these officials, who are dedicated, hardworking professionals committed to the anti-drug effort. It is not the policy of DEA to support foreign officials who are actively involved in drug trafficking. When allegations are received, we immediately investigate such activity and if the evidence warrants, indictments are sought. This is and always has been our policy and practice. Until such evidence is developed, DEA must continue our routine investigative efforts overseas to thwart drug trafficking, often under difficult and delicate circumstances.

In regard to your comment on foreign policy objectives, I can assure you that DEA's only foreign policy objective is to reduce the flow of drugs from the source and transit countries to the United States.

I have enclosed responses to Congressman Fauntroy's questions. If I can be of further assistance, please let me know.

Sincerely,

John C. Lawn

John C. Lawn
Administrator

Enclosure

Question

1. The drug trafficking franchise in Haiti was alleged to have involved the Duvalier and Bennett families. In addition to Colonel Paul and others in the military, is there evidence of continuing involvement by these former ruling families?

Answer

No. There is no information indicating the former ruling families are engaged in drug trafficking.

Question

2. How extensive is the narcotics corruption in Haiti?

Answer

Haiti has emerged as a link in international drug trafficking. Haiti's police forces are understaffed and lack training in drug law enforcement. There are widespread rumors alleging that some military personnel and government officials are involved in the drug trade. There are also allegations of collusion of local officials in drug trafficking.

Question

3. In the indictment of Colonel Paul there is mention of a specific meeting between Colonel Paul and his brother Antonio Paul in the parking garage of the Presidential Palace. Given the high level of security around in the Palace this could indicate that the Colonel's activities are by commission or omission condoned by his superiors Generals Namphy and Regala. What is the view of the Haitian military leadership towards Colonel Paul?

Answer

We do not believe the meeting in the garage of the Presidential Palace reflects that Colonel Paul's activities were condoned either by commission or omission by his superiors. Colonel Paul is the commander of the powerful Palace Guard. DEA has no information concerning how the Haitian military leadership views Colonel Paul.

Question

4. What is the quality of cooperation received from the Government of Haiti in general in fighting narcotics?

Answer

With the opening of the DEA office in Port-Au-Prince, Haiti, the full time presence of DEA personnel has added a new dimension of expertise and cooperation in narcotics-related enforcement that has resulted in several successful enforcement operations.

The most impressive and successful cooperative anti-narcotics development was the opening of the Communications Information Center (CIC) at Port-Au-Prince. The CIC, created with the cooperation of the Ministry of Interior and National Defense, was modeled after the Joint Intelligence Communications Center (JICC) in the Dominican Republic. Interior and Defense Minister Brigadier General Williams Regala led the Haitian effort to establish the CIC. When DEA and Embassy officials met with Regala, they were told that he was prepared to move forward with the CIC initiative as fast possible and had in fact already selected three officers to begin work on the project. All three officers were exceptionally well qualified.

There is cooperation of Haitian law enforcement officials at all levels and it appears that this cooperation will continue.

Question

5. Reports have been received on a drug related incident in a town called Aquin involving a plane loaded with cocaine which landed there on February 6, 1988. This report carried over Radio Nationale on March 10, 1988, said that troops of the Cassernes Dessalines arrested in the incident were later released. Do you have any reports and comments on this incident?

Answer

DEA records indicate that on February 15, 1988 an aircraft landed near Aquin, Haiti under cover of darkness and suspicious circumstances. The occupants and the cargo had been removed from the area prior to the arrival of Haitian authorities. On March 15, 1988 Haitian authorities arrested thirteen (13) individuals after they attempted to steal the aircraft. Five of the arrested individuals were members of the Haitian military, four were U.S. citizens and four were Colombian citizens.

During April 1988 Haitian authorities dismissed all charges against the thirteen individuals. The four Colombians were returned to Colombia and the four Americans were placed on a flight to Miami. At the time of their arrival in Miami there was no justification for DEA to detain them.

Question

6. Do you have any estimates of the amount and category of the drugs entering the United States from Haiti?

Response

During 1986, 31.2 kilos of cocaine and 567.4 kilos of marijuana were seized in Haiti. During 1987, Haitian authorities seized 667 kilos of cocaine and approximately 2,500 kilos of marijuana. We are unable to determine if any or some of these shipments were destined for the United States. There is no estimate of the amount of drugs entering the United States from Haiti.

Question

7. Many comparisons have been made between Colonel Paul and General Noriega. Do you know whether or not Colonel Paul was also a paid CIA informant?

Answer

DEA has no information concerning any relationship between Paul and the CIA.

United States Department of State

*Washington, D.C. 20520*

Dear Mr. Chairman:

In correspondence of June 7, I noted I would respond at a later time to your letter of May 2, 1988 containing follow-up questions from Congressman Fauntroy to the March 29 appearance of Assistant Secretary Elliott Abrams at a hearing before your committee on the subject of U.S. Foreign Policy and International Narcotics Control.

We have now received input from our Embassy in Port-au-Prince to the questions you forwarded. Our answers are attached.

If I can be of further assistance to you on this matter, please do not hestitate to contact me.

With best wishes,

Sincerely,

J. Edward Fox

J. Edward Fox
Assistant Secretary
Legislative Affairs

Attachments: As noted

The Honorable
Charles B. Rangel, Chairman,
Select Committee on Narcotics Abuse
and Control,
House of Representatives.

QUESTIONS ON HAITI FOR THE HEARING RECORD

1. The drug trafficking franchise in Haiti was alleged to have involved the Duvalier and Bennett families. In addition to Colonel Paul and others in the military, is there evidence of continuing involvement by these former ruling families?

A. Although there are rumors to that effect from time to time, no evidence has been found of continuing involvement of the Duvalier and Bennett families in the drug trade.

2. How extensive is the narcotics corruption in Haiti?

A. Narcotics-related corruption is a serious and growing problem in Haiti. Building on historically corrupt authority structures, narcotics traffickers have made inroads in both civilian and military circles. The corruption problem is complicated by the fact that many areas of the country are inaccessible and have poor communications facilities, thus making local officials nearly immune from outside control or investigation. At the present time, narcotics corruption appears to be individual in character. Institutions as such, including the Army, are not known to be implicated. However, as in all areas of Haitian government, corrupt individuals tend to be protected by their institutional affiliations from the attentions of a police/judiciary system which in any case is very feeble.

3. In the indictment of Colonel Paul there is mention of specific meeting between Colonel Paul and his brother Antonio Paul in the parking garage of the Presidential Palace. Given the high level of security around in the palace this could indicate that the Colonel's activities are by commission or omission condoned by his superiors Generals Namphy and Regala. What is the view of the Haitian military leadership towards Colonel Paul?

A. Antonio Paul was employed as a mechanic for some time in the parking garage of the national palace. The Dessalines Battalion commanded by Colonel Jean-Claude Paul is located in the complex of the National Palace. Consequently, they are both familiar figures in that area and their meeting in the National Palace garage would not be an unusual or noteworthy occurrence which would signal in any way the views of Colonel Paul's hierarchic superiors towards his activity.

The view of the Haitian military leadership toward Colonel Paul can probably be described as ambivalent. He is widely respected for his military prowess and the loyalty which he commands from his troops. However, there are indications his alleged drug involvement is a cause for some embarrassment. The military leadership is well aware of the USG disapproval of Colonel Paul. For various reasons, however, the military leadership has not found evidence underlying allegations against Colonel Paul convincing or weighty.

4. What is the quality of cooperation received from the government of Haiti in general in fighting narcotics?

A. The government of president Manigat has made several public and private statements pledging full cooperation, both within Haiti and throughout the region in controlling illegal narcotics trafficking. The president has reportedly recently made cooperation on narcotics matters a top priority for his charge d' affaires in Washington. The Government of Haiti has indicated willingness to participate in regional conferences, and to allow DEA and U.S. Coast Guard broad cooperation in searches and "hot pursuit" issues. The Ministry of Defense, with presidential support, established at its own initiative and with DEA support in the fall of 1987 a "Center for Information and Coordination" at the Port-au-Prince airport. Manned 24 hours a day by Haitian military and civilian personnel, the CIC has since its opening developed information which has led to several significant cocaine and marijuana seizures. Information developed by the center has been shared fully and promptly with DEA. Due to the CIC's good start, the State Department's Bureau of International Narcotics Matters (INM) recently approved funding for CIC equipment and to strengthen CIC ability to cover air and sea traffic in provincial areas of the country to which trafficking seems to be shifting partially as a reflection of the CIC's effectiveness in the capital region.

Level of cooperation has varied greatly. In some areas it has been excellent. As the problem has grown, however, the need for more active Government of Haiti role is increasingly evident.

5. Reports have been received on a drug related incident in a town called Acquin involving a plane loaded with cocaine which landed there on February 6, 1988, this report carried over Radio Nationale on March 10, 1988, said that troops of the Cassernes Dessalines arrested in the incident were later released. Do you have any reports and comments on this incident?

A. In the Aquin incident, a plane allegedly carrying cocaine landed and became mired on an airstrip in early February. By the time the plane was discovered, any cocaine which may have been on board had been offloaded and those associated with the aircraft disappeared. On March 15 numerous local media reports indicated that certain Americans, Colombians and Haitian military personnel had attempted to retrieve the plane, and had been engaged in an exchange of gunfire with local military personnel guarding the aircraft. We were told there was insufficient evidence to prosecute. The Americans and Colombians were detained in Port-au-Prince and later deported from Haiti. Haitian military personnel involved in the incident were not detained for any length of time. We view this incident as a troubling reminder of the presence of corrupted individuals within the Haitian armed forces and the inability or unwillingness of the armed forces to take action against personnel involved in illegal narcotics activity.

6. Do you have any estimates of the amount and category of the drugs entering the U.S. from Haiti?

A. Accurate figures are not available. DEA estimates that at any given time there are likely to be several thousand kilos of cocaine in Haiti awaiting shipment to the U.S. It is estimated that multi-kilogram quantities of cocaine are entering the U.S. from Haiti based on the number of seizures that have previously occurred. These seizures have ranged from six kilograms or less to more than eight hundred kilograms for vessels and private aircraft, not to include numerous seizures of cocaine resulting from persons attempting to smuggle the narcotics aboard commercial airlines embarking from Haiti. Marijuana entering the U.S. from Haiti has been minimal.

7. Many comparisons have been made between Colonel Paul and General Noreiga. Do you know whether or not Colonel Paul was also a paid CIA informant?

A. The Department of State is not the proper agency to be asked a question of this nature.

**THE COMMISSIONER OF CUSTOMS**

June 16, 1988 **WASHINGTON, D.C.**

ENF-1 E:EO:SD:T:I SM

Dear Mr. Chairman:

I am in receipt of your letter dated May 2, 1988, regarding my testimony before the U.S. Foreign Policy and International Narcotics Control on March 29, 1988. I appreciate that opportunity to have appeared before the committee and provide testimony concerning Customs efforts to control narcotics trafficking.

As was discussed at the hearing, additional written questions for the hearing record would be provided to me for my response. Enclosed are the responses to Congressman Walter Fauntroy's questions.

I hope that these responses will assist the committee in its endeavors.

Yours faithfully,

Acting Commissioner of Customs

The Honorable
Charles B. Rangel
Chairman, House Select
Committee on Narcotics Abuse
House of Representatives
Washington, D.C. 20515

Enclosure

QUESTIONS AND ANSWERS FOR HEARING RECORD

Question 1: The drug trafficking franchise in Haiti was alleged to have involved the Duvalier and Bennett families. In addition to Colonel Paul and others in the military, is there evidence of continuing involvement by these former ruling families?

Answer: The departure of the Duvalier regime raised hopes that Haiti, under new leadership, would be able to arrest the substantial narcotics trafficking problem. However, with the political and economic conditions which ensued, it is apparent that new traffickers/suppliers have endeavored to establish beneficial contacts with Haitian leaders. This situation is by no means unique to Haiti and is considered a common approach utilized by major narcotics smuggling organizations.

Question 2: How extensive is the narcotics corruption in Haiti?

Answer: Corruption involving military, political, and law enforcement authorities appears to remain widespread and deeply entrenched. While there are some concerted efforts to root out corruption, success has been minimal and no substantial change is expected in the near future.

The volume of narcotics trafficking activity in Haiti exceeds the ability of the security forces to effectively exercise any meaningful control. The police narcotics units are understaffed and possess limited resources and training. The current volatile political climate, political unrest and adverse economic conditions are contributors to existing and potential corruption in Haiti.

Question 3: In the indictment of Colonel Paul, there is mention of a specific meeting between Colonel Paul and his brother, Antonio Paul, in the parking garage of the Presidential Palace. Given the high level of security in the Palace, this could indicate that the Colonel's activities are by commission, or omission, condoned by his superiors, Generals Namphy and Regals. What is the view of the Haitian military towards Colonel Paul?

Answer: The Haitian military strongly supports Colonel Paul and vigorously denies that he is involved in any drug trafficking. Further indications from the Government of Haiti (GOH) are that, even though

Colonel Paul has been indicted in the U.S. on charges of complicity with drug traffickers, the GOH would not permit him to be extradited to the U.S. Even if Colonel Paul were found to be involved in drug smuggling or other illegal activities, indications are that, on the surface, the GOH would probably ignore such activities.

Question 4: What is the quality of cooperation received from the Government of Haiti, in general, in fighting narcotics?

Answer: There are some obvious efforts on the part of the GOH to cooperate with the U.S. in fighting narcotics. For example, the Drug Enforcement Administration (DEA) opened an office in Port-au-Prince in October 1987. Full-time DEA presence has added a dimension of expertise in narcotics-related enforcement and has already resulted in several successful interdiction operations. On the surface, it does appear that the GOH is attempting to cooperate in law enforcement efforts, but how dedicated their efforts really are remains to be seen.

Recent statistical data reflects that during 1986, approximately 31 kilograms of cocaine and 367 kilograms of marijuana were seized in Haiti. During 1987, Haitian authorities confiscated approximately 667 kilograms of cocaine and approximately 2,500 kilograms of marijuana. This increase in recent seizures has occurred since DEA's extended involvement with the GOH.

Question 5: Reports have been received on a drug-related incident, in a town called Acquin, involving a plane loaded with cocaine which landed there on February 6, 1988. This report, carried over Radio Nationale on March 10, 1988, said that troops of the Cassernes Dessalines, arrested in the incident, were later released. Do you have any reports and comments on this incident?

Answer: Reports of the incident have been mentioned in the media, however, the U.S. Customs Service has not conducted an investigation into this incident.

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Question 6: Do you have any estimates of the amount and category of the drugs entering the U.S. from Haiti?

Answer: Since Haiti is not a drug-producing country, those drugs coming from Haiti are merely transiting that country en route to the U.S. from the source country. Although there is some marijuana and hashish entering the U.S. from Haiti, cocaine is the principal drug transiting Haiti to the U.S. In 1987, there were 99 seizures of cocaine arriving in the U.S. from Haiti totaling well over 8,000 pounds.

Information from various sources indicates an increase in the use of multi-engine (DC-3, DC-6) aircraft, as well as twin engine general aviation aircraft, to transport large quantities of marijuana and cocaine into the South Florida area. Clandestine airstrips, in remote areas of Haiti, continue to be utilized as narcotics stash sites, and staging/refueling areas, for aircraft departing and returning from narcotics source countries. The geographic location of Haiti offers an ideal staging/refueling location enabling narcotics laden aircraft to extend their range and avoid U.S. law enforcement detection/apprehension resources.

In regard to narcotics smuggling by vessels, coastal freighters from Haiti continue to be utilized to transport significant quantities of cocaine and some marijuana. During FY 1987, approximately 3,938 pounds of cocaine and 5,493 pounds of marijuana were seized in South Florida (southeast) from vessels associated with, or transiting Haiti.

Question 7: Many comparisons have been made between Colonel Paul and General Noriega. Do you know whether or not Colonel Paul was also a paid CIA informant?

Answer: The U.S. Customs Service has no independent information which substantiates or refutes any involvement by Colonel Paul with the CIA.